tem no. 1008-D

X 96-2: H.Rp. 1456/pt. 1

96th Congress
2d Session

HOUSE OF REPRESENTATIVES

Rept. 96-
1456, Part I

MOTOR VEHICLE THEFT PREVENTION ACT OF 1980

October 8, 1980.--Ordered to be printed

Mr. Staggers, from the Committee on Interstate and Foreign Commerce, submitted the following

COMPLETED

REPORT

together with

ORIGINAL

ADDITIONAL AND DISSENTING VIEWS

[To accompany H.R. 4178 which on May 22, 1979, was referred jointly to the Committees on Interstate and Foreign Commerce, the Judiciary, Ways and Means, Post Office and Civil Service and Foreign Affairs]

[Including cost estimate of the Congressional Budget Office]

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H.R. 4178) to improve the physical security features of the motor vehicle and its parts, to increase the criminal penalties of persons trafficking in stolen motor vehicles and parts, to curtail the exportation of stolen motor vehicles, to stem the growing problem of "chop shops", and for other purpose, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SHORT TITLE

Section 1. This Act may be cited as the "Motor Vehicle Theft Prevention Act of 1980".

FINDINGS AND PURPOSE

Sec. 2. (a) The Congress finds and declares the following:

(1) The annual number of reported motor vehicle thefts has exceeded 1,000,000. Approximately 50 percent of all larcenies reported to law enforce-

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ment authorities in the United States are directed against motor vehicles, motor vehicle accessories, or the contents of motor vehicles. The recovery rate of stolen motor vehicles has decreased significantly during the most recent decade.

(2) The theft of motor vehicles and the disposition of stolen motor vehicles, and motor vehicle parts and components, are becoming more professional in nature. Such theft and disposition activities also have attracted criminal elements which have used intimidation and violence as a means of obtaining increased control of such activities. Such activities are having a serious effect on interstate and foreign commerce. There is indication that criminal elements are using motor vehicle theft proceeds to purchase addictive and illegal drugs for resale and for other illicit activities which are extremely harmful to the Nation.

(3) The theft of motor vehicles has brought increased and unnecessary burdens to motor vehicle users and to American taxpayers, as the national financial cost of motor vehicle-related theft offenses currently approaches $4,000,000,000 annually. Such financial cost has had an impact on the overall rate of inflation through higher insurance rates.

(4) National and international uniformity relating to certain standards, such as motor vehicle identification and titling, would further facilitate commerce and prevent criminal abuse.

(5) A cooperative partnership between the States and the Federal Government is required to devise appropriate interrelated systems in the area of motor vehicle titling and registration in order to help curb motor vehicle theft.

(6) Farm and industrial users are concerned with the theft of their self-propelled vehicles. There is a need to study such problem because of a lack of data relating to the theft of such vehicles.

(7) The theft of motor vehicles and their parts and components, and their unlawful disposition, can be curtailed significantly through the more effective use of the facilities of the National Crime Information Center by both law enforcement authorities and State motor vehicle registrars.

(8) The cooperation and assistance of the motor vehicle insurance industry are needed to curb the growing problem of insurance fraud through improvements in procedures for claim processes, disposition of salvage vehicles, and issuance of policies.

(9) Motor vehicle anti-theft campaigns at the local level which have increased citizen involvement and have been sponsored by the motor vehicle insurance industry have been effective in reducing motor vehicle theft.

(10) An increased vigilance by used motor vehicle dealers, motor vehicle dismantlers, recyclers, and salvage dealers, and by motor vehicle repair and body shops is crucial to curtail the use of their important industries to facilitate crime through the disposition of stolen motor vehicles and their parts and components.

(11) The shipment of stolen motor vehicles and their parts and components, as well as stolen farm and industrial equipment, outside the United States is a serious problem. The cooperation of shippers and operators of vessels, railroads, and aircraft is necessary to hinder such illicit exportation.

(12) The continued assistance and cooperation of Canada and Mexico are key ingredients necessary to aid the United States in efforts to protect the property of residents of the United States by limiting the opportunity for stolen motor vehicles to enter Canada and Mexico from the United States.

(13) Federal, State, and local prosecutors should give increased emphasis to the prosecution of persons committing motor vehicle thefts, with particular emphasis given to professional motor vehicle theft operations and to persons engaged in the dismantling of stolen motor vehicles for the purpose of trafficking in stolen motor vehicle parts and components.

(14) The commendable and constructive efforts of the Attorney General of the United States, the Secretary of Transportation, the Secretary of the Treasury, the Secretary of State, and the Secretary of Commerce in the formation of the Interagency Committee on Auto Theft Prevention, with cooperation from the private sector, should be continued and expanded.

(b) It is the purpose of this Act—

(1) to improve the identification numbering systems for motor vehicles and their major parts and components;

(2) to increase the Federal criminal penalties imposed upon persons trafficking in stolen motor vehicles and their parts and components;

(3) to establish procedures to reduce opportunities for exporting stolen motor vehicles; and

(4) to establish a task force to study problems relating to the theft of off-highway vehicles.

TITLE I—IMPROVED IDENTIFICATION FOR MOTOR VEHICLE PARTS AND COMPONENTS

MOTOR VEHICLE PARTS AND COMPONENTS SECURITY STANDARD

SEC. 101. (a) Section 102 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1391) is amended by redesignating paragraph (3) through paragraph (15) as paragraph (4) through paragraph (16), respectively, and by inserting after paragraph (2) the following new paragraph:

"(3) 'Motor vehicle security standard' means a minimum performance standard relating to methods and procedures for the identification of new motor vehicle parts and components (other than motorcycle parts and components). For purposes of this paragraph, 'motorcycle' means a motor vehicle with motive power having a seat or saddle for the use of the rider and designed to travel on not more than 3 wheels in contact with the ground.".

(b) Section 103 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392) is amended by adding at the end thereof the following new subsection:

"(j)(1) The Secretary, not later than 12 months after the date of the enactment of the Motor Vehicle Theft Prevention Act of 1980, shall publish a proposed Federal motor vehicle security standard.

"(2) Subject to the requirements of paragraph (3), the Secretary, as soon as practicable after such 12-month period but not later than 24 months after such date of enactment, shall promulgate a Federal motor vehicle security standard. Such standard shall take effect not earlier than 180 days, and not later than 1 year, after the date on which such standard is promulgated, unless the Secretary finds, for good cause shown, that an earlier or later effective date is in the public interest, and publishes his reasons for such finding. Such standard shall apply only to motor vehicle parts and components which are (A) included in the assembly of motor vehicles manufactured after the effective date of such standards; or (B) manufactured as new replacement parts or components after such effective date.

"(3)(A) The Secretary, before promulgating any Federal motor vehicle security standard under this subsection, shall conduct a study to determine the cost of implementing such standard and the benefits attainable as a result of the implementation of such standard. Such study shall include an evaluation of the effect which such standard may have upon production and sales by the domestic motor vehicle manufacturing industry.

"(B) The Secretary shall include the results of such study in the publication of the proposed Federal motor vehicle security standard specified in paragraph (1).

"(C) The Secretary shall not have any authority to promulgate any such Federal motor vehicle security standard unless the Secretary determines, as a result of such study, that the benefits of such standard are likely to exceed the costs of such standard.

"(4)(A) No motor vehicle security standard promulgated by the Secretary under this subsection may impose costs upon manufacturers of motor vehicles in excess of $7.50 per motor vehicle. The level of costs per motor vehicle imposed by any such standard shall be determined by the Secretary as part of the study which is required in paragraph (3)(A).

"(B) Any manufacturer, subsequent to the promulgation of any such Federal motor vehicle security standard, may petition the Secretary to amend such standard for the purpose of complying with the requirements of subparagraph (A). Upon a showing by such manufacturer that compliance with such standard will cause costs which exceed $7.50 per motor vehicle, the Secretary shall amend such standard in such manner as may be necessary to eliminate costs which exceed $7.50 per motor vehicle.

"(C)(i) At the beginning of each calendar year (commencing in 1981), as there become available necessary data from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall certify to the Secretary and publish in the Federal Register the percentage difference between the price index for the 12 months preceding the beginning of such calendar year and the price index for the base period. The amount specified in subparagraph (A) and subparagraph (B) shall be adjusted by such percentage difference. Such amount so adjusted shall be the amount in effect for such calendar year.

"(ii) For purposes of this subparagraph:

"(I) The term 'base period' means calendar year 1979.

"(II) The term 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.

"(5) No motor vehicle security standard prescribed by the Secretary under this section may require the numbering or other identification of more than a total of 14 parts and components for any motor vehicle.

"(6) In prescribing motor vehicle security standards under this section, the Secretary shall take into account—

"(A) relevant available motor vehicle security data, including the results of research, development, testing, and evaluation activities conducted pursuant to this Act;

"(B) available studies carried out by motor vehicle manufacturers which evaluate (i) methods and procedures for the identification of motor vehicle parts and components; and (ii) the effects which such methods and procedures may have with respect to reducing motor vehicle thefts and with respect to the costs of motor vehicle ownership;

"(C) the effect of the implementation of such standard upon the cost of motor vehicle insurance;

"(D) savings which may be realized from the implementation of such standard through alleviating inconveniences experienced by consumers as a result of the theft and disposition of motor vehicle parts and components; and

"(E) considerations of safety.

"(k)(1)(A) The Secretary, after promulgating any final Federal motor vehicle security standard under subsection (j), shall submit such final standard to the Congress for review in accordance with this subsection. Such final standard shall be delivered to each House of the Congress on the same date and to each House of the Congress while it is in session. Such final standard shall be referred to the Committee on Commerce, Science, and Transportation of the Senate and to the Committee on Interstate and Foreign Commerce of the House, respectively.

"(B) Any such final standard shall become effective in accordance with its terms unless, before the end of the period of 90 calendar days of continuous session after the date such final standard is submitted to the Congress, both Houses of the Congress adopt a concurrent resolution disapproving such final standard.

"(2)(A) The provisions of this paragraph are enacted by the Congress—

"(i) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of concurrent resolutions which are subject to this subsection, and such provisions supersede other rules only to the extent that they are inconsistent with such other rules; and

"(ii) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

"(B)(i) Any concurrent resolution disapproving a final standard of the Secretary shall, upon introduction or receipt from the other House of the Congress, be referred immediately by the presiding officer of such House to the Committee on Commerce, Science, and Transportation of the Senate or to the Committee on Interstate and Foreign Commerce of the House, as the case may be.

"(ii) If a committee to which a concurrent resolution is referred does not report such concurrent resolution before the end of the period of 75 calendar days of continuous session of the Congress after the referral of such resolution to the Committee on Commerce, Science, and Transportation of the Senate or to the Committee on Interstate and Foreign Commerce of the House, as the case may be, under paragraph (1)(A), it shall be in order to move to discharge any such committee from further consideration of such concurrent resolution.

"(iii)(I) A motion to discharge in the Senate may be made only by a Member favoring the concurrent resolution, shall be privileged (except that it may not be made after the committee has reported a concurrent resolution with respect to the same final standard of the Secretary), and debate on such motion shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the motion. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to. If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other concurrent resolution with respect to the same final standard of the Secretary.

"(II) A motion to discharge in the House may be made by presentation in writing to the Clerk. The motion may be called up only if the motion has been signed by one-fifth of the Members of the House. The motion is highly privileged (except that it may not be made after the committee has reported a concurrent resolution of disapproval with respect to the same standard). Debate on such motion shall be limited to not more than 1 hour, the time to be divided equally between those favoring and those opposing the motion. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(C)(i) When a committee has reported, or has been discharged from further consideration of, a concurrent resolution, it shall be at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the concurrent resolution. The motion shall be privileged in the Senate and highly privileged in the House, and shall not be debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

"(ii) Debate on the concurrent resolution shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing such concurrent resolution. A motion further to limit debate shall not be debatable. An amendment to, or motion to recommit, the concurrent resolution shall not be in order, and it shall not be in order to move to reconsider the vote by which such concurrent resolution was agreed to or disagreed to.

"(D) Appeals from the decision of the Chair relating to the application of the rules of the Senate or the House, as the case may be, to the procedure relating to a concurrent resolution shall be decided without debate.

"(E) Notwithstanding any other provision of this subsection, if a House has approved a concurrent resolution with respect to any final standard of the Secretary, then it shall not be in order to consider in such House any other concurrent resolution with respect to the same final standard.

"(3) Congressional inaction on, or rejection of, a concurrent resolution of disapproval under this subsection shall not be construed as an expression of approval of the final standard involved, and shall not be construed to create any presumption of validity with respect to such final standard.

"(4)(A) For purposes of this subsection—

"(i) continuity of session is broken only by an adjournment sine die; and

"(ii) days on which either House is not in session because of an adjournment of more than 5 days to a day certain are excluded in the computation of the periods specified in paragraph (1)(B) and paragraph (2).

"(B) If an adjournment sine die of the Congress occurs after the Secretary has submitted a final standard under paragraph (1)(A), but such adjournment occurs—

"(i) before the end of the period specified in paragraph (1)(B); and

"(ii) before any action necessary to disapprove the final standard is completed under paragraph (1)(B);

then the Secretary shall be required to resubmit the final standard involved at the beginning of the next regular session of the Congress. The period specified in paragraph (1)(B) shall begin on the date of such resubmission.

"(5) For purposes of this subsection, the term 'concurrent resolution' means a concurrent resolution the matter after the resolving clause of which is as follows: 'That the Congress disapproves the final standard promulgated by the Secretary of Transportation dealing with the matter of   , which final standard was submitted to the Congress on   .' (The blank spaces shall be filled appropriately.)".

(c) Section 103(d) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392(d)) is amended by inserting "(1)" after the subsection designation and by adding at the end thereof the following new paragraph:

"(2) Whenever a Federal motor vehicle security standard established under this title is in effect, no State or political subdivision of a State shall have any authority either to establish, or to continue in effect, with respect to any motor vehicle part or component, any security standard which is not identical to such Federal motor vehicle security standard.".

REPORT REGARDING SECURITY DEVICES AND SYSTEMS

SEC. 102. (a) The Secretary of Transportation, not later than 9 months after the date of the enactment of this Act, shall submit a report to the Congress regarding security devices or systems, or both, which are designed to deter individuals from entering a locked motor vehicle and starting the motor vehicle without an ignition key for the purpose of stealing the motor vehicle.

(b) The report required in subsection (a) shall seek to determine—

(1) whether a Federal motor vehicle security standard can be devised which is objective in its evaluative capacity, but which does not result in the compromising of motor vehicle security systems in the process of demonstrating compliance with such standard; and

(2) whether it would be more beneficial for motor vehicle manufacturers to offer special security devices or systems as options for motor vehicles which will be used primarily in areas having high crime rates.

(c) The report required in subsection (a) also may include an examination and review of any matters relating to motor vehicle security which the Secretary of Transportation considers appropriate to examine and review. The Secretary shall prepare such report after consulting with the Attorney General of the United States. Such report shall include recommendations for such legislative or administrative action as the Secretary considers necessary or appropriate.

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 103. (a)(1) The first section of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1381) is amended—

(A) by inserting ", and to improve the identification numbering systems for motor vehicle parts and components" after "traffic accidents" the last place it appears therein;

(B) by striking out "and" after "development;"; and

(C) by inserting "; and to establish security standards for motor vehicle parts and components" after "register".

(2) The heading for title I of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1381 et seq.) is amended to read as follows:

"TITLE I—MOTOR VEHICLE SAFETY AND SECURITY STANDARDS".

(3) Section 101 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1381 note) is amended by striking out "Safety Act of 1966" and inserting in lieu thereof "Safety and Security Act".

(4)(A) Section 103(a) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392(a)) is amended—

(i) in the first sentence thereof, by inserting ", and shall establish by order Federal motor vehicle security standards in accordance with subsection (j)" before the period at the end thereof; and

(ii) by striking out the last sentence thereof and inserting in lieu thereof the following new sentences: "Each such standard shall be practicable and shall be stated in objective terms. Each such Federal motor vehicle safety standard shall meet the need for motor vehicle safety, and each such Federal motor vehicle security standard shall meet the need for motor vehicle security.".

(B) Section 103(b) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392(b)) is amended by inserting "or a Federal motor vehicle security standard" after "standard".

(C) Section 103(c) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392(c)) is amended by inserting ", or a Federal motor vehicle security standard (subject to the provisions of subsection (j))," after "standard" the first place it appears therein.

(D) Section 103(e) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392(e)) is amended by inserting "or any Federal motor vehicle security standard" after "standard".

(E) Section 103(f) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392(f)) is amended by inserting "Federal motor vehicle safety" after "prescribing".

(5)(A) Section 106(a)(1) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1395(a)(1)) is amended—

(i) by striking out "and" after "vehicles,"; and

(ii) by inserting before the semicolon the following: ", and (C) the theft of motor vehicles and motor vehicle parts and components".

(B) Section 106(c) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1395(c)) is amended by inserting "or motor vehicle security" after "safety".

(6) Section 107 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1396) is amended by inserting "and motor vehicle security standards" after "standards" each place it appears therein.

(7)(A) Section 108(a)(1)(A) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1397(a)(1)(A)) is amended by inserting "or Federal motor vehicle security standard" after "standard" the first place it appears therein.

(B) Section 108(a)(1)(C) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1397(a)(1)(C)) is amended by inserting "and Federal motor vehicle security standards" after "standards".

(C) Section 108(b)(2) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1397(b)(2)) is amended by inserting "and Federal motor vehicle security standards" after "standards" each place it appears therein.

(D) Section 108(b)(3) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1397(b)(3)) is amended by inserting "or Federal motor vehicle security standard" after "standard".

(E) Section 108(c) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1397(c)) is amended by inserting "or Federal motor vehicle security standard" after "standard".

(8) Section 110(a) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1399(a)) is amended—

(A) by inserting "or Federal motor vehicle security standards" after "standards"; and

(B) by inserting "or security" after "safety" the last place it appears therein.

(9) Section 111(a) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1400(a)) is amended—

(A) by inserting "or Federal motor vehicle security standards" after "standards"; and

(B) by inserting "or security" after "safety" the last place it appears therein.

(10) Section 114 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1403) is amended by inserting "and Federal motor vehicle security standards" after "standards".

(11)(A) Section 120(a)(2) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1408(a)(2)) is amended by inserting "and Federal motor vehicle security standards" after "standards".

(B) Section 120(b) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1408(b)) is amended by inserting "and motor vehicle security" after "safety" each place it appears therein.

(12)(A) Section 123(a) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1410(a)) is amended—

(i) by inserting "or motor vehicle security standard" after "standard" the first place it appears therein;

(ii) in paragraph (1)(B) thereof, by inserting "or security" after "safety" each place it appears therein; and

(iii) in paragraph (1)(D) thereof, by inserting "or security" after "safety" each place it appears therein.

(B) Section 123(e) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1410(e)) is amended by inserting "or security" after "safety" the first, second, third, fourth, sixth, and last places it appears therein.

(13) The heading for part B of title I of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1411 et seq.) is amended to read as follows:

"PART B—DISCOVERY, NOTIFICATION, AND REMEDY OF MOTOR VEHICLE DEFECTS OR FAILURES TO COMPLY".

(14) Section 151 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1411) is amended—

(A) in paragraph (1) thereof, by inserting "or security" after "safety"; and

(B) in paragraph (2) thereof, by inserting "or Federal motor vehicle security standard" after "standard".

(15)(A) Section 152(a) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1412(a)) is amended—

(i) in paragraph (1) thereof, by inserting "or Federal motor vehicle security standard" after "standard"; and

(ii) in paragraph (2) thereof, by inserting "or security" after "safety".

(B) Section 152(b) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1412(b)) is amended—

(i) by inserting "or Federal motor vehicle security standard" after "standard"; and

(ii) by inserting "or security" after "safety" the last place it appears therein.

(16) Section 153(a)(2) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1413(a)(2)) is amended by inserting "or security" after "safety".

(17)(A) Section 154(a)(1) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1414(a)(1)) is amended—

(i) by inserting "or Federal motor vehicle security standard" after "standard"; and

(ii) by inserting "or security" after "safety" the last place it appears therein.

(B) Section 154(b)(1) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1414(b)(1)) is amended by inserting "or a motor vehicle security standard" after "standard".

(18) Section 155(b) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1415(b)) is amended—

(A) in paragraph (A) thereof, by inserting "or security" after "safety" the first place it appears therein, and by inserting "or a Federal motor vehicle security standard" after "standard"; and

(B) in paragraph (C) thereof, by inserting "or security" after "safety".

(19) Section 157 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1417) is amended by inserting "or security" after "safety".

(20) Section 158(a)(2)(A) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1418(a)(2)(A)) is amended—

(A) by inserting "or security" after "safety" the first place it appears therein; and

(B) by inserting "or Federal motor vehicle security standard" after "standard".

(b) Reference in any other provision of Federal law to the National Traffic and Motor Vehicle Safety Act of 1966 hereby is deemed to be a reference to the National Traffic and Motor Vehicle Safety and Security Act.

TERMINATION OF CERTAIN PROVISIONS AND AMENDMENTS

Sec. 104. (a)(1) The foregoing provisions of this title and the amendments made in this title shall be repealed, and the amendments specified in paragraph (2) shall be made, at the end of June 30 of the 4th successive year following the first June 30 which occurs at least 15 months after the effective date of the motor vehicle security standard which the Secretary of Transportation is required to promulgate under section 103(j) of the National Traffic and Motor Vehicle Safety Act of 1966, unless the Secretary of Transportation and the Attorney General of the United States, during the 1-year period preceding June 30 of such 4th successive year, submit a joint written statement to the Congress which makes the findings specified in subsection (b).

(2)(A) The amendments contained in this paragraph shall be made in accordance with the provisions of paragraph (1).

(B) Section 510(b)(2) of title 18, United States Code, as added in section 201(a), is amended by striking out "of the Secretary of Transportation or under authority".

(C) Section 510(c) of title 18, United States Code, as added in section 201(a), is amended by striking out paragraph (1) and redesignating paragraph (2) through paragraph (4) thereof as paragraph (1) through paragraph (3), respectively.

(D) Section 511(a)(2) of title 18, United States Code, as added in section 201(a), is amended by striking out "which is authorized by the Secretary of Transportation or".

(E) Section 511(c) of title 18, United States Code, as added in section 201(a), is amended by striking out paragraph (1) and redesignating paragraph (2) and paragraph (3) thereof as paragraph (1) and paragraph (2), respectively.

(F) Section 511(c)(2) of title 18, United States Code, as added in section 201(a) and as so redesignated in subparagraph (E), is amended by striking out "510(c)(4)" and inserting in lieu thereof "510(c)(3)".

(G) Section 2319(b)(1)(A) of title 18, United States Code, as added in section 204(a), is amended by striking out "is authorized by the Secretary of Transportation or".

(H) Section 2319(c) of title 18, United States Code, as added in section 204(a), is amended by striking out paragraph (1) and redesignating paragraph (2) and paragraph (3) thereof as paragraph (1) and paragraph (2), respectively.

(I) Section 2319(c)(2) of title 18, United States Code, as added in section 204(a) and as so redesignated in subparagraph (H), is amended by striking out "510(c)(4)" and inserting in lieu thereof "510(c)(3)".

(b) The statement specified in subsection (a) shall include—

(1) a finding, based upon the most recent available statistics contained in the National Crime Information Center, the most recent available statistics compiled in connection with publication of the Uniform Crime Reports, and upon other sources, that there has been a significant improvement in the rate of thefts or the rate of recovery of motor vehicles, or motor vehicle parts and components, or both, during the period in which the motor vehicle security standard which the Secretary of Transportation is required to promulgate under section 103(j) of the National Traffic and Motor Vehicle Safety Act of 1966, as amended in section 101(b), is in effect;

(2) a finding that such improvement in the rate of thefts or the rate of recovery of motor vehicles is significantly attributable to the operation and enforcement of such motor vehicle security standard; and

(3) a finding that the provisions specified in subsection (a)(1) should remain in effect and the amendments specified in subsection (a)(2) should not be made.

(c)(1) The provisions of paragraph (2) through paragraph (4) shall apply if the repeals and amendments specified in subsection (a) take effect in accordance with subsection (a).

(2) Any Federal motor vehicle security standard established by the Secretary of Transportation under section 103(j) of the National Traffic and Motor Vehicle Safety Act of 1966, as amended in section 101, shall cease to have any force or effect after the repeals specified in subsection (a) take effect.

(3) Any administrative proceeding relating to any provision of law repealed in accordance with subsection (a) which is pending on the effective date of such repeal shall be continued as if subsection (a) had not been enacted, and orders issued in any such administrative proceeding shall continue in effect until amended or revoked by the Secretary of Transportation in accordance with the National Traffic and Motor Vehicle Safety Act of 1966, or by operation of law.

(4) The repeals specified in subsection (a) shall not affect any suit, action, or other proceeding lawfully commenced before the effective date of such repeals, and all such suits, actions, and proceedings shall be continued, proceedings therein had, appeals therein taken, and judgments therein rendered, in the same manner and with the same effect as if subsection (a) had not been enacted.

TITLE II—ANTIFENCING MEASURES

MOTOR VEHICLE IDENTIFICATION NUMBERS; FORFEITURES

SEC. 201. (a) Chapter 25 of title 18, United States Code, is amended by adding at the end thereof the following new sections:

"§ 510. Altering or removing motor vehicle identification numbers

"(a) Except as provided in subsection (b), whoever knowingly removes, obliterates, tampers with, or alters any identification number for any motor vehicle, or any part or component of a motor vehicle, shall be fined not more than $5,000, imprisoned for not more than 5 years, or both.

"(b) The provisions of subsection (a) shall not apply to—

"(1) any motor vehicle scrap processor or motor vehicle demolisher, if—

"(A) such person is engaged in the processing of any motor vehicle, or any motor vehicle part or component, into metallic scrap for purposes of recycling the metallic content of such motor vehicle, part, or component; and

"(B) such person, in carrying out such processing, complies with any applicable State law relating to the disposition of such motor vehicle, part, or component; or

"(2) any person, acting under authority of the Secretary of Transportation or under authority of State law, who is engaged in restoring or replacing any identification number specified in subsection (a).

"(c) For purposes of this section:

"(1) The term 'identification number' means any identification number which is required by any Federal motor vehicle safety standard or any Federal motor vehicle security standard established by the Secretary of Transportation under the National Traffic and Motor Vehicle Safety and Security Act.

"(2) The term 'motor vehicle' has the meaning given it in section 102 of the National Traffic and Motor Vehicle Safety and Security Act.

"(3) The term 'motor vehicle demolisher' means any person who is engaged in the business of processing motor vehicles, or motor vehicle parts or components, or both, in a manner which renders the subject of such processing unsuitable for any further use as a motor vehicle or a motor vehicle part or component.

"(4) The term 'motor vehicle scrap processor' means any person—

"(A) who is engaged in the business of purchasing motor vehicles, or motor vehicle parts or components, or both, for the purpose of processing such motor vehicles, parts, or components into metallic scrap for recycling;

"(B) who, from a fixed location, utilizes machinery and equipment for processing and manufacturing ferrous or nonferrous metallic scrap into prepared grades; and

"(C) whose business produces metallic scrap for recycling as its principal product.

“§ 511. Forfeiture of certain motor vehicles, motor vehicle parts, and motor vehicle components

“(a) If any identification number for any motor vehicle, or any part or component of a motor vehicle, is removed, obliterated, tampered with, or altered, then such motor vehicle, part, or component shall be subject to seizure and forfeiture to the United States unless—

“(1) in the case of a motor vehicle part or component, such part or component has been attached to a motor vehicle without any knowledge of the owner of such motor vehicle that such identification number has been removed, obliterated, tampered with, or altered;

“(2) such motor vehicle, part, or component has a replacement identification number which is authorized by the Secretary of Transportation or which is in conformity with any applicable laws of the State in which such motor vehicle, part, or component is located;

“(3) such removal, obliteration, tampering, or alteration—

“(A) is caused by any collision or fire which results in damage to that portion of such motor vehicle, part, or component on which such identification number is displayed; or

“(B) is carried out in the manner specified in section 510(b)(1) of this title; or

“(4) such motor vehicle, part, or component is in the possession or control of a motor vehicle scrap processor, unless such motor vehicle scrap processor has knowledge of the fact that such identification number was removed, obliterated, tampered with, or altered in any manner other than the method of processing specified in section 510(b)(1) of this title.

“(b) All provisions of law relating to—

“(1) the seizure and condemnation of vessels, vehicles, merchandise, and baggage for violation of customs laws, and summary and judicial forfeiture procedures applicable in the case of such violations;

“(2) the disposition of such vessels, vehicles, merchandise, and baggage or the proceeds from such sale;

“(3) the remission or mitigation of such forfeitures; and

“(4) the compromise of claims and the award of compensation to informers with respect to such forfeitures;

shall apply to seizures and forfeitures incurred or alleged to have incurred under the provisions of this section, insofar as applicable and not inconsistent with such provisions. Such duties as are imposed upon the collector of customs or any other person with respect to the seizure and forfeiture of vessels, vehicles, merchandise, and baggage under the customs laws shall be performed with respect to seizures and forfeitures of property under this section by such officers, agents, or other persons as may be designated for such purpose by the Attorney General.

“(c) For purposes of this section:

“(1) The term ‘identification number’ has the meaning given it in section 510(c)(1) of this title.

“(2) The term ‘motor vehicle’ has the meaning given it in section 102 of the National Traffic and Motor Vehicle Safety and Security Act.

“(3) The term ‘motor vehicle scrap processor’ has the meaning given it in section 510(c)(4) of this title.”.

(b) The table of sections for chapter 25 of title 18, United States Code, is amended by adding at the end thereof the following new items:

“510. Altering or removing motor vehicle identification numbers.
“511. Forfeiture of certain motor vehicles, motor vehicle parts, and motor vehicle components.”.

DEFINITION OF SECURITIES

Sec. 202. Section 2311 of title 18, United States Code, is amended by inserting after “voting trust certificate;” the following: “motor vehicle title until it is canceled by the State indicated thereon or blank motor vehicle title;”.

SALE OR RECEIPT OF STOLEN MOTOR VEHICLES

Sec. 203. Section 2313 of title 18, United States Code, is amended—

(1) by striking out “moving as, or which is a part of, or which constitutes interstate or foreign commerce,” and inserting in lieu thereof “which has crossed a State or United States boundary after being stolen,”; and

(2) by inserting “possesses,” after “receives,”.

TRAFFICKING IN CERTAIN MOTOR VEHICLES, MOTOR VEHICLE PARTS, OR MOTOR VEHICLE COMPONENTS

SEC. 204. (a) Chapter 113 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 2319. Trafficking in certain motor vehicles, motor vehicle parts, or motor vehicle components

"(a) Except as provided in subsection (b), whoever buys, receives, possesses, or obtains control of, with intent to sell, transfer, distribute, dispense with, or otherwise dispose of, any motor vehicle, or any motor vehicle part or component, with knowledge that any identification number for such motor vehicle, part, or component has been removed, obliterated, tampered with, or altered, shall be fined not more than $25,000, or imprisoned for not more than 10 years, or both.

"(b) The provisions of subsection (a) shall not apply—

"(1) in the case of any motor vehicle, or any motor vehicle part or component, if—

"(A) such motor vehicle, part, or component has a replacement identification number which is authorized by the Secretary of Transportation or is in conformity with the applicable laws of the State in which such motor vehicle, part, or component is located; or

"(B) the removal, obliteration, tampering with, or alteration of the identification number for such motor vehicle, part, or component (i) is caused by any collision or fire which results in damage to that portion of such motor vehicle, part, or component on which such identification number is displayed; or (ii) is carried out in the manner specified in section 510(b)(1) of this title; or

"(2) to any motor vehicle scrap processor, if—

"(A) such motor vehicle scrap processor purchases, receives, possesses, or obtains control of, any motor vehicle which has been processed in the manner specified in section 510(b)(1) of this title, or any motor vehicle part or component, with the intent to sell, transfer, distribute, dispense with, or otherwise dispose of such motor vehicle, part, or component by processing or manufacturing into prepared grades of metallic scrap; and

"(B) such motor vehicle scrap processor does not possess any knowledge that (i) such motor vehicle, part, or component was stolen; or (ii) the identification number for such motor vehicle, part, or component was removed, obliterated, tampered with, or altered.

"(c) For purposes of this section:

"(1) The term 'identification number' has the meaning given it in section 510(c)(1) of this title.

"(2) The term 'motor vehicle' has the meaning given it in section 102 of the National Traffic and Motor Vehicle Safety and Security Act.

"(3) The term 'motor vehicle scrap processor' has the meaning given it in section 510(c)(4) of this title."

(b) The table of sections for chapter 113 of title 18, United States Code, is amended by adding at the end thereof the following new item:

"2319. Trafficking in certain motor vehicles, motor vehicle parts, or motor vehicle components."

DEFINITION OF RACKETEERING ACTIVITY

SEC. 205. Section 1961(1) of title 18, United States Code, is amended—

(1) by inserting "sections 2312 and 2313 (relating to interstate transportation of stolen motor vehicles)," after "section 1955 (relating to the prohibition of illegal gambling businesses),"; and

(2) by inserting "section 2319 (relating to trafficking in certain motor vehicles, motor vehicle parts, or motor vehicle components)," after "sections 2314 and 2315 (relating to interstate transportation of stolen property),".

NONMAILABLE MOTOR VEHICLE MASTER KEYS

SEC. 206. (a)(1) Section 3002 of title 39, United States Code, is amended by redesignating subsection (b) and subsection (c) as subsection (c) and subsection (d), respectively, and by inserting after subsection (a) the following new subsection:

"(b) Except as provided in subsection (c) of this section, any device which is designed or adapted primarily for the purpose of operating, circumventing, removing, or rendering inoperable the ignition switch, ignition lock, door lock, or trunk lock of

2 or more motor vehicles, or any advertisement for the sale of any such device, is nonmailable matter and shall not be carried or delivered by mail.".

(2) The heading for section 3002 of title 39, United States Code, is amended to read as follows:

"§ 3002. Nonmailable motor vehicle master keys and other devices"

(3) Section 3002(a) of title 39, United States Code, is amended by striking out "subsection (b)" and inserting in lieu thereof "subsection (c)".

(4) Section 3002(c) of title 39, United States Code, as so redesignated in paragraph (1), is amended by inserting "and subsection (b)" after "subsection (a)".

(5) Section 3002 of title 39, United States Code, as amended in paragraph (1), is further amended by adding at the end thereof the following new subsection:

"(e) Upon evidence satisfactory to the Postal Service that any person is engaged in a scheme or device for obtaining money or property through the mail by advertising or offering for sale any motor vehicle master key or device made nonmailable by this section, the Postal Service may issue an order of the same kind and with the same incidents as that authorized by section 3005 of this title.".

(6) The table of sections for chapter 30 of title 39, United States Code, is amended by striking out the item relating to section 3002 and inserting in lieu thereof the following new item:

"3002. Nonmailable motor vehicle master keys and other devices.".

(b)(1) The heading for section 1716A of title 18, United States Code, is amended to read as follows:

"§ 1716A. Nonmailable motor vehicle master keys and other devices"

(2) The table of sections for chapter 83 of title 18, United States Code, is amended by striking out the item relating to section 1716A and inserting in lieu thereof the following new item:

"1716A. Nonmailable motor vehicle master keys and other devices.".

TITLE III—IMPORTATION AND EXPORTATION MEASURES

AMENDMENTS TO TITLE 18, UNITED STATES CODE

SEC. 301. (a) Chapter 27 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 553. Unlawful importation or exportation of stolen self-propelled vehicles, vessels, or aircraft

"(a) Whoever imports, exports, or attempts to import or export—

"(1) any self-propelled vehicle, or part of a self-propelled vehicle, vessel, or aircraft, knowing the same to have been stolen; or

"(2) any self-propelled vehicle or part of a self-propelled vehicle, knowing that its identification number has been removed, obliterated, tampered with, or altered;

shall be fined not more than $10,000, imprisoned not more than 5 years, or both.

"(b) For purposes of this section—

"(1) the term 'self-propelled vehicle' includes any automobile, truck, tractor, bus, motorcycle, motor home, and any other self-propelled agricultural machinery, self-propelled construction equipment, self-propelled special use equipment, and any other self-propelled vehicle used or designed for running on land but not on rail;

"(2) the term 'vessel' has the meaning given it in section 401 of the Tariff Act of 1930 (19 U.S.C. 1401); and

"(3) the term 'aircraft' has the meaning given it in section 101(5) of the Federal Aviation Act of 1958 (49 U.S.C. 1301(5)).".

(b) The table of sections for chapter 27 of title 18, United States Code, is amended by adding at the end thereof the following new item:

"553. Unlawful importation or exportation of stolen self-propelled vehicles, vessels, or aircraft.".

AMENDMENT TO TARIFF ACT OF 1930

SEC. 302. Part V of title VI of the Tariff Act of 1930 (19 U.S.C. 1581 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 626. UNLAWFUL IMPORTATION OR EXPORTATION OF CERTAIN VEHICLES; INSPECTIONS.

"(a)(1) Whoever knowingly imports, exports, or attempts to import or export—

"(A) any stolen self-propelled vehicle, vessel, aircraft, or part of a self-propelled vehicle, vessel, or aircraft; or

"(B) any self-propelled vehicle or part of self-propelled vehicle from which the identification number has been removed, obliterated, tampered with, or altered;

shall be subject to a civil penalty in an amount determined by the Secretary, not to exceed $10,000 for each violation.

"(2) Any violation of this subsection shall make such self-propelled vehicle, vessel, aircraft, or part thereof subject to seizure and forfeiture under this Act.

"(b) A person attempting to export a used self-propelled vehicle shall present, pursuant to regulations prescribed by the Secretary, to the appropriate customs officer both the vehicle and a document describing such vehicle which includes the vehicle identification number, before lading if the vehicle is to be transported by vessel or aircraft, or before export if the vehicle is to be transported by rail, highway, or under its own power. Failure to comply with the regulations of the Secretary shall subject such person to a civil penalty of not more than $500 for each violation.

"(c) For purposes of this section—

"(1) the term 'self-propelled vehicle' includes any automobile, truck, tractor, bus, motorcycle, motor home, self-propelled agricultural machinery, self-propelled construction equipment, self-propelled special use equipment, and any other self-propelled vehicle used or designed for running on land but not on rail;

"(2) the term 'aircraft' has the meaning given it in section 101(5) of the Federal Aviation Act of 1958 (49 U.S.C. 1301(5));

"(3) the term 'used' refers to any self-propelled vehicle the equitable or legal title to which has been transferred by a manufacturer, distributor, or dealer to an ultimate purchaser; and

"(4) the term 'ultimate purchaser' means the first person, other than a dealer purchasing in his capacity as a dealer, who in good faith purchases a self-propelled vehicle for purposes other than resale."

TITLE IV—REPORTING REQUIREMENTS

REPORT REGARDING THEFT OF OFF-HIGHWAY VEHICLES

SEC. 401. (a) The Attorney General of the United States, as soon as practicable after the date of the enactment of this Act, shall establish a task force to study problems relating to the theft of off-highway vehicles and steps being taken to prevent the theft and subsequent disposition of such vehicles. The task force shall prepare a report containing the results of such study, after consultation with the Secretary of Transportation, and shall submit such report to the Congress not later than 2 years after such date of enactment.

(b) The task force shall consist of—

(1) the Attorney General, or his delegate;

(2) the Secretary of Agriculture, or his delegate;

(3) the Secretary of Commerce, or his delegate;

(4) the Commissioner of Customs, or his delegate; and

(5) at least one representative, designated by the Attorney General, from each of the following groups: (A) construction equipment manufacturers; (B) users of construction equipment; (C) farm equipment manufacturers; (D) users of farm equipment; (E) distributors and dealers for construction equipment; (F) distributors and dealers for farm equipment; (G) insurers of construction equipment and farm equipment; (H) State law enforcement officials; and (I) local law enforcement officials.

(c)(1) Members of the task force shall serve without pay.

(2) While away from their residences or regular places of business in the performance of services for the Federal Government, members of the task force shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Federal Government service are allowed expenses under section 5703 of title 5, United States Code.

(3) The Attorney General, or his delegate, shall serve as chairman of the task force.

(d) The report required in subsection (a) shall include information relating to—

(1) the development and effectiveness of identification numbering systems for off-highway vehicles and the major components for such vehicles by manufacturers, user groups, and others, and progress which has been made toward the development of a uniform, national and international identification numbering system;

(2) improvements in formats and procedures of the National Crime Information Center relating to the reporting of information regarding the theft of off highway vehicles and the major components of such vehicles, and the extent to which affected groups are furnishing information in accordance with such procedures;

(3) efforts being made by the owners of off-highway vehicles to voluntarily affix identification numbers to such vehicles and the major components of such vehicles, and to otherwise protect such vehicles and components from theft;

(4) the effectiveness of any State laws (A) relating to the titling of off-highway vehicles; (B) making it unlawful to remove, obliterate, tamper with, or alter any identification number affixed by a manufacturer to an off-highway vehicle or a major component of such vehicle; and (C) permitting the seizure by law enforcement officers, for investigative purposes, of off-highway vehicles and major components of such vehicles if identification numbers for such vehicles or components have been removed, obliterated, tampered with, or altered;

(5) the availability of certificates of origin which (A) contain adequate internal security features to deter forgery, alteration, and counterfeiting; (B) list the identification number of the off-highway vehicle involved and major components of such vehicle; and (C) are suitable to serve as proof of ownership for off-highway vehicles through assignment to subsequent purchasers;

(6) action being taken by auction businesses, banks and other financial institutions (in connection with the making of loans), and insurance businesses to deter the reintroduction of stolen off-highway vehicles, and major components of such vehicles, into the normal channels of commerce; and

(7) the need for educational and training programs for State and local law enforcement officials designed to familiarize such officials with problems relating to the theft of off-highway vehicles.

Such report shall include recommendations for legislative or administrative action, if the task force considers any such action to be necessary or appropriate.

(e) For purposes of this section, the term "off-highway vehicle" means a vehicle or work machine (1) which is self-propelled or pushed or towed by a self-propelled vehicle; (2) the primary function of which is off-highway in application; and (3) any on-highway operation of which is incidental to the primary function of the vehicle or work machine. Such term includes self-propelled agricultural, forestry, industrial, construction, and any other nontransportation special use equipment.

REPORT REGARDING IMPLEMENTATION OF ACT

SEC. 402. On or before the first June 30 which occurs at least 15 months after the date of the enactment of this Act, and on or before each June 30 thereafter for the following 9 successive years, the Attorney General of the United States, in consultation with the Secretary of Transportation, the Secretary of the Treasury, and the Postmaster General, shall submit to the Congress a report on the implementation and development of the provisions of title I, the provisions of title 18 and title 39, United States Code, which are added by the amendments made in title II and the provisions of title 18, United States Code, and the Tariff Act of 1930 (19 U.S.C. 1202 et seq.) which are added by the amendments made in title III, and the effectiveness of such provisions in helping to prevent and reduce motor vehicle-related theft.

Amend the title so as to read:

A bill to require the Secretary of Transportation to issue standards relating to the identification of motor vehicle parts and components, to increase criminal penalties applicable to trafficking in stolen motor vehicles and parts, to curtail the exportation of stolen motor vehicles, to establish penalties applicable to the dismantling of motor vehicles for the purpose of trafficking in stolen parts, and for other purposes.

PURPOSE OF THE LEGISLATION

H.R. 4178 is designed to reduce the rate of auto theft and illegal disposition of stolen motor vehicles, parts and components. The Act will aid Federal, State and local law enforcement officials in the apprehension and prosecution of those who steal and traffic stolen motor vehicles by providing the Secretary of Transportation the authority to require the identification of motor vehicles, parts and components. Increased criminal penalties for trafficking in stolen motor vehicle parts and for the obliteration or removal of identifying marks on motor vehicle components are designed to curtail the problem of motor vehicle theft.

In addition, the export of stolen motor vehicles and components will be more difficult under new pre-export procedures.

Finally, theft of off-highway vehicles will be examined by a task force which will determine the extent of the problem and make recommendations if necessary or appropriate.

Background and Need

The Committee's Subcommittee on Consumer Protection and Finance and the Subcommittee on Inter-American Affairs of the Foreign Affairs Committee held 3 days of hearings on H.R. 4178, the Motor Vehicle Theft Prevention Act of 1980. The Department of Justice testified that the Uniform Crime Report (UCR) of 1979 showed that over 1 million motor vehicles were stolen in that year at a cost to the vehicle owners and taxpayers of over $4 billion. Motor vehicle theft statistics had held rather constant during the past decade. However, according to the Department of Justice, they increased 10.6 percent in 1979 over 1978. This increase was reflected in all geographical areas—north, south, east, west, urban, suburban and rural.

Statistics compiled by the Justice Department indicate that motor vehicle theft is becoming more professional. Prior to 1970 the major portion of the motor vehicle theft problem was attributable to juveniles, the so-called "joyriders". But, statistics show a declining rate of the juvenile share of the problem. In 1979, for the first time, there were more adults than juveniles stealing cars. The professionalization of motor vehicle theft is also evidenced by the decreasing dollar value of stolen vehicles ever recovered, (down from 86 percent in 1967 to 58.4 percent in 1979), the increasing thefts of trucks (up 102 percent in 1979 over 1974), and the growing theft of "off-highway" vehicles used in the construction and farming industries.

In addition, the number of theft ring cases under investigation by the Federal Bureau of Investigation at any one time increased from 125 in 1970 to nearly 650 in 1979 further pointing out the changing nature of vehicle theft.

Professional thieves steal automobiles in order to "chop" them into major component parts, to sell whole vehicles to unsuspecting U.S. buyers after altering the Vehicle Information Number (VIN) or to export the vehicle. The decrease in the rate of recovery of stolen vehicles indicates that "chop shops" are responsible for a significant portion of vehicle theft. The chopping of vehicles into their component parts and the subsequent fencing of such parts is done with minimal risk. The engine and transmission, which bear identifying numbers are usually junked to reduce the risk of detection and prosecution for possession of such traceable components. Other parts which bear no identifying mark, such as doors, fenders and hoods, are fenced to salvage and repair shops. The likelihood of apprehension and prosecution for possession of these stolen parts is thus relatively slim because the fenced parts cannot be traced back to the original stolen vehicle.

There are several reasons for the ease of marketability of these parts. First, in some cases, it can take several weeks to receive a component replacement part from the manufacturer. "Chop shops" can deliver such parts, often overnight, because they are able to "steal to order", in some cases, even down to the color of the part needed.

Second, when some replacement parts do arrive from the factory, several hours of assembly are required before they can be mounted. This significantly increases the labor cost to the repair facility. Chop shops, on the other hand, deliver the component parts already assembled to automotive parts and repair facilities, thus requiring less labor time.

The third factor is the high cost of replacement parts that are ordered directly from the manufacturer. The consumer can be charged the same price for replacement parts, regardless of whether they are stolen or purchased from the manufacturer. Therefore, some garage owners have a strong profit motive to use stolen parts which they buy much below the manufacturer's price. According to the Justice Department, as a result of the growing "chop shop" problem, the legitimate salvage vehicle industry in some geographical areas of the country is teetering on the edge of destruction because it is confronted with growing competition by criminal elements.

Identification of such component parts will aid law enforcement officials in identifying stolen property and aid prosecutors in convicting those who run this type of illegal activity. Federal action will assure that all new cars bear consistent markings.

SUMMARY OF THE ACT

Section 1 provides that the Act may be cited as the Motor Vehicle Theft Prevention Act. Section 2 sets out a series of findings by the Committee and the purposes of the Act.

Title I gives the Secretary of Transportation the authority to promulgate a Federal Motor Vehicle Security Standard which will provide for the identification of new motor vehicles, parts, and components. Motorcycle parts and components are excluded.

Before promulgating any such standard, the Secretary shall conduct a study to determine the cost of implementing the standard and the benefits attainable as a result of implementation of such a standard. Such study shall include an evaluation of the effect of the standard on the domestic motor vehicle manufacturers. The Secretary will have no authority to promulgate any such standard unless the Secretary determines that the benefits from it are likely to exceed the costs of it.

No motor vehicle security standard promulgated by the Secretary under this title may impose costs upon manufacturers of motor vehicles in excess of $7.50 per motor vehicle (adjusted for inflation). After the promulgation of such standard, the Secretary, upon a showing by any manufacturer that compliance will cause costs which exceed $7.50 per motor vehicle (adjusted for inflation), shall amend the standard to eliminate the excess costs to the manufacturer. No motor vehicle security standard may require the numbering of more than a total of 14 parts or components per motor vehicle.

In prescribing motor vehicle security standards, the Secretary is to take into account relevant available motor vehicle security data;

available studies carried out by motor vehicle manufacturers; the effect of implementation on the cost of motor vehicle insurance; the savings which may be realized by consumers; and, considerations of safety.

Any final standard shall become effective unless both Houses of Congress adopt a concurrent resolution disapproving such final standard within 90 days of its submission to the Congress.

The provisions of Title I will be repealed unless the Secretary of Transportation and the Attorney General of the United States submit a statement to the Congress during the 1 year period preceding June 30 of the fourth successive year following the first June 30 occurring 15 months after the effective date of the Federal Motor Vehicle Security Standard which includes findings that there has been a significant improvement in the rate of thefts of motor vehicles, parts or components or the recovery rate of motor vehicles; that such improvement is significantly attributable to the operation and enforcement of such motor vehicle security standard and; that the provisions subject to repeal should remain in effect.

Title II amends Title 18 of the United States Code to:

(1) Make it a Federal crime to alter or remove any motor vehicle or vehicle part identification number required by the Secretary of Transportation;

(2) Make any motor vehicle or vehicle part which has a removed or altered identification number required by the Secretary of Transportation subject to seizure and possible forfeiture;

(3) Amend the definition of "securities" in the National Stolen Property Act (18 U.S.C. 2311) to cover motor vehicle titles until cancelled by the State of issuance;

(4) Make it a Federal crime to traffic in motor vehicles or motor vehicle parts which have had their identification numbers required by the Secretary of Transportation removed or altered; and

(5) Amend the RICO statute (Racketeer Influenced and Corrupt Organizations—18 U.S.C. 1961 et seq.) to include as a racketeering activity trafficking in stolen motor vehicles and their parts. This would be done by incorporating the present Dyer Act (13 U.S.C. 2312/2313) and the new trafficking statute described above within the definition of racketeering activity.

The Master Key Act in Title 39, United States Code (39 U.S.C. 3002), would be amended to cover any device designed or adapted primarily to open, circumvent, or make inoperable any of the locks of two or more motor vehicles. This change would prohibit the mailing of both the device itself and any advertisement of such devices.

Title III of the Act gives the Secretary of the Treasury authority to issue regulations concerning the export of used self-propelled vehicles. In addition, Title III amends Title 18 of the United States Code to make it a Federal crime to export any stolen self-propelled vehicle or any such vehicle knowing that its identification number has been tampered with.

Title IV directs the Attorney General, as head of a Task Force of government and private representatives, to prepare a report to the Congress regarding the theft of off-highway vehicles (i.e. construction and farm equipment). Such report shall examine several areas relating to the theft and disposition of such vehicles and methods to reduce such theft.

The Attorney General would also advise the Congress on the effectiveness of the Act in a series of annual reports.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Pursuant to clause 2(l)(3) of the rule XI of the Rules of the House of Representatives, the Committee reports that H.R. 4178 establishes a new program, and therefore, there are no Committee oversight findings with respect to the operation of this program.

OVERSIGHT FINDINGS AND RECOMMENDATIONS OF COMMITTEE ON GOVERNMENT OPERATIONS

Pursuant to clause 2(l)(3)(D), rule XI of the Rules of the House of Representatives, the Committee states that no findings or recommendations on oversight activity conducted in accordance with clause 4(c)(2), rule X of the Rules of the House of Representatives, have been submitted by the Committee on Government Operations for inclusion in this report.

COMMITTEE CONSIDERATION

The Subcommittee on Consumer Protection and Finance jointly with the Subcommittee on Inter-American Affairs of the Foreign Affairs Committee held three days of hearings on H.R. 4178, on June 2, 10, and 12, 1980. Testimony was received from more than 15 witnesses, including representatives of the U.S. Department of Justice; the U.S. Department of Transportation; representatives of the New Jersey state police, the El Paso, Texas police department and its Auto Theft Bureau, the New York City Police Auto Crime Unit; the Superintendent of Insurance of New York State; the American Association of Motor Vehicle Administrators; the Government Empoyees Insurance Company; the National Association of Independent insurers; the National Automobile Theft Bureau; the Automotive Dismantlers and Recyclers of America; the Coalition to Halt Automotive Theft; and, representatives of the Ford Motor Company; and the General Motors Corporation.

After the hearings, the bill was revised to reflect some concerns raised by witnesses during the hearings. Some of these revisions were included in an omnibus amendment in the nature of a substitute, which was itself revised in certain particulars by the Subcommittee. The Subcommittee, a quorum being present, unanimously reported to the Full Committee, H.R. 4178, by a voice vote on August 1, 1980. The Full Committee adopted amendments to H.R. 4178 and, a quorum being present, reported the bill to the House, by a vote of 22 to 1 on September 25, 1980.

SECTION-BY-SECTION ANALYSIS

Section 1—Title

Section 1 of the bill provides that the bill when enacted may be cited as the "Motor Vehicle Theft Prevention Act of 1980".

Section 2—Findings and purpose

Section 2 sets forth findings by the Congress and the purpose of the legislation.

Section 2(a) is a series of findings by the Congress. Paragraph (1) describes the extent of the problem of motor vehicle theft citing annual thefts in excess of 1,000,000 a significant decrease in the recovery rate during the most recent decade and an estimate that over 50 percent of all larcenies reported to law enforcement authorities in the United States are directed against motor vehicles, motor vehicle accessories or the contents of motor vehicles.

Paragraph (2) cites the professional nature of motor vehicle theft and disposition of motor vehicle parts and components indicating that such activities have also attracted criminal elements which have used violence as a means of obtaining control of such activities.

Motor vehicle theft has brought increased and unnecessary burdens to motor vehicle users and American taxpayers. Paragraph (3) points out that the national cost of motor vehicle theft is approaching $4,000,000,000 annually and that such cost has had an impact on the overall rate of inflation through higher insurance rates.

Paragraph (4) finds that national and international uniformity relating to certain standards, such as motor vehicle identification and titling, would further facilitate commerce and prevent criminal abuse.

Paragraph (5) notes that a cooperative partnership between the States and the Federal Government is required to devise appropriate interrelated systems in the area of motor vehicle titling and registration in order to curb motor vehicle theft.

Farm and industrial users, as indicated in Paragraph (6) are concerned with the theft of their self-propelled vehicles and there is a need for a study of such problems because of a lack of data relating to the theft of such vehicles.

Paragraph (7) states that more effective use of the National Crime Information Center by both law enforcement authorities and State motor vehicle registrars can significantly curtail the theft of motor vehicles and their component parts and unlawful disposition.

Paragraph (8) states that the cooperation and assistance of the motor vehicle insurance industry is needed to curb the growing problem of insurance fraud through improvements in procedures for claim processes, disposition of salvage vehicles, and issuance of policies.

As indicated in paragraph (9), motor vehicle anti-theft campaigns at the local level which have increased citizen involvement and have been sponsored by the motor vehicle insurance industry have been effective in reducing motor vehicle theft.

Paragraph (10) finds that increased vigilance by used motor vehicle dealers, motor vehicle dismantlers, recyclers, and salvage dealers, and by motor vehicle repair and body shops is crucial to curtail the use of their industries to facilitate crime through the disposition of stolen motor vehicle parts and components.

The shipment of motor vehicles and their parts and components, as well as farm and industrial equipment, outside the United States is a serious problem. Paragraph (11) states that the cooperation of shippers and operators of vessels, railroads, and aircraft is necessary to hinder such illicit exportation.

Continued assistance and cooperation of Canada and Mexico are cited in Paragraph (12) as key ingredients necessary to aid the United States by limiting the opportunities for stolen motor vehicles to enter Canada and Mexico from the United States.

According to Paragraph (13) Federal, State and local prosecutors should give increased emphasis to the prosecution of persons committing motor vehicle thefts, with particular emphasis given to professional motor vehicle theft operations and to persons engaged in the dismantling of stolen motor vehicles for the purpose of trafficking in stolen motor vehicle parts and components.

Paragraph (14) cities the commendable efforts of the Attorney General of the United States, the Secretary of Transportation, the Secretary of the Treasury, the Secretary of State and the Secretary of Commerce in the formation of the Interagency Committee on Auto Theft Prevention, with the cooperation from the private sector, and says it should be continued and expanded.

Subsection (b) states that the purposes of the Act are: (1) to improve the identification numbering system for motor vehicles and their major parts and components; (2) to increase Federal criminal penalties imposed upon persons trafficking in stolen motor vehicles, parts and components; (3) to establish procedures to reduce opportunities for exporting stolen motor vehicles; and, (4) to establish a task force to study problems relating to the theft of off-highway vehicles.

TITLE I—IMPROVED IDENTIFICATION FOR MOTOR VEHICLE PARTS AND COMPONENTS

Section 101—Motor vehicle parts and components security standards

Section 101(a) adds a new paragraph to Section 102 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1391), defining "motor vehicle security standard." This is a minimum performance standard relating to methods and procedures for the identification of new motor vehicle parts and components (other than motorcycle parts and components).

Subsection 101(b) adds to Section 103 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392) a new subsection, (j), dealing with the effectuation of such standard. The Secretary of Transportation is required, under subsection (j), to publish a proposed motor vehicle security standard within 12 months after the date of enactment of the Act, and to promulgate a final Federal motor vehicle security standard not later than 24 months after enactment. Such standard is to take effect between 180 days and one year from the date of promulgation. However, if the Secretary finds it is in the public interest and shows good cause, the effective date may be earlier or later. The standard will apply to parts and components which are (a) included in the assembly of a motor vehicle manufactured after the effective date or (b) manufactured as a new replacement parts or components for motor vehicles after the effective date.

It is anticipated by the Committee that parts manufactured exclusively for use as replacement parts or components that are equivalent to a part or component required by a Federal Motor Vehicle Security Standard to bear an identification number, would bear an appropriate marking which identifies such part or component as a replacement. Such a marking would be affixed by the manufacturer of such replacement part or component.

Paragraph (3)(A) of new subsection (j) requires that before promulgating any security standard, the Secretary must conduct a study to determine the cost of implementing such standard and the benefits attainable as a result of such standard. In preparing such a study, the Secretary must consider the effect which such standard may have on production and sales by the domestic manufacturers. It is the intent of the Committee not to add unnecessarily to the burdens of the domestic auto industry.

The Committee believes that it is most desirable of the number utilized for component identification is the same as that required for the vehicle identification number (VIN) under U.S. Department of Transportaton Federal Motor Vehicle Safety Standard No. 115 (i.e. 17 characters). However, for some methods of application, requiring all 17 characters may be difficult and costly. Accordingly, it may be necessary to make use of a derivative of the VIN for some component parts.

The Committee wants identification of parts and components to be accomplished in the least expensive way consistent with the purposes of the Act.

Paragraph (3)(B) of new subsection (j) directs the Secretary to include the results of such study in the publication of the proposed Federal motor vehicle security standard. Under Paragraph (3)(C), the Secretary shall have no authority to promulgate any such standard unless the Secretary determines the benefits from the standard are likely to exceed the costs of such standard.

Paragraph (4)(A) provides that no security standard promulgated by the Secretary under ths section shall impose costs upon the manufacturers of motor vehicles in excess of $7.50 (adjusted for inflation beginning in 1981) per motor vehicle. The level of costs per motor vehicle will be determined by the Secretary as part of the cost-benefit study required prior to the promulgation of the standard.

Subparagraph (B) provides that any manufacturer, subsequent to the promulgation of the standard, may petition the Secretary to amend such standard for the purpose of adjusting the standard to be in compliance with the requirement in paragraph (4)(A). Upon a showing by such manufacturer that the costs of compliance with such standard will result in costs in excess of $7.50 per motor vehicle (adjusted for inflation), the Secretary shall amend such standard to eliminate the costs which exceed $7.50 per motor vehicle.

Subsection (5) states that no security standard may require the numbering or other identification of more than a total of 14 parts per vehicle. The Committee intends this number to be exclusive of the VIN (Vehicle Identification Number) currently required under Federal Motor Vehicle Safety Standard 115 (the Public Vehicle Identification Number).

Generally, the Committee believes that the parts and the components selected by the Secretary of Transportation should be those which will primarily deter professional thieves who either resell the vehicle itself or cut it up for parts. Such parts and components should be part of the vehicle at the time of original manufacture.

The limitation of 14 parts and components to be numbered was derived from a listing prepared by the Justice Department based on a 4-door vehicle. It is the intent of the Committee that the parts and components required to be identified by the Secretary should be from the Justice Department list. The components the Justice Department believes are necessary to accomplish the purposes of the Act in regard to component identification for vehicles are: the engine; the transmission; each door allowing entrance or egress to the passenger compartment; the hood; the radiator core support of the front end assembly; each front fender; the deck lid, tailgate, or hatchback (whichever if present); the truck floor pan; the frame (or, in the case of a unitized body, the supporting structure which serves as the frame); and one additional confidential location selected each year by the manufactureer with notification to law enforcement of the exact location.

The Committee does not believe that the Secretary must require all of the 14 components listed above to be marked. However, a sufficient number sould be marked to accomplish the purposes of the Act.

It is also the view of the Committee that as the theft profile changes or as cars and body styles change, different components may be marked; any such change however, will be subject to rulemaking.

Paragraph (6) directs that the Secretary shall take several factors into account in prescribing motor vehicle security standards. First, the Secretary shall consider relevant available motor vehicle security data, including the results of research, development, testing and evaluation activities conducted pursuant to the Act.

Second, the Secretary shall also review available studies carried out by motor vehicle manufacturer which evaluate methods and procedures for the identification of motor vehicle parts and components and the effects which such methods and procedures may have with respect to reducing motor vehicle thefts and with respect to the costs of motor vehicle ownership. The Committee recognizes that with the 1980 model year, both Ford and General Motors initiated a pilot program of component identification for their top-of-the-line luxury vehicles. For marked six additional "crash" parts of its Lincoln Continental and Continental Mark VI and General Motors also marked six additional parts of its Cadillac Eldorado and Seville. In testimony before the Subcommittee on Consumer Protection and Finance, Ford indicated its pilot program costs approximately $3.00 for the six additional markings per vehicle and General Motors estimated the additional cost of 6 markings to be less than $5.00 per vehicle. The programs are being monitored to determined the effectiveness of component identification in reducing thefts of these vehicles. Thus far, it appears that it is possible to mark components without impeding the efficiency of assembly line operations. The Committee believes that due to the limited number and type of vehicles marked, the effectiveness of parts marking as a tool for law enforcement officials tracing stolen parts and establishing conclusive evidence of a crime can not be determined solely by the pilot programs. It is the Committee's belief that the value of component part identification to law enforcement will only be able to be determined after several years of experience with recently manufactured vehicles bearing such identification.

Third, the effect of the implementation of such standard upon the cost of motor vehicle insurance shall be considered by the Secretary. Testimony before the Subcommittee on Consumer Protection and Finance indicated that in areas with a high rate of auto theft, such as New York, motorists pay 9 times the national average for the compensation portion of their insurance coverage.

The Committee anticipates that as a reduction in the rate of auto theft and/or an increase in the recovery rate of vehicles or parts is demonstrated, such factors will be reviewed by auto insurers and reflected in insurance rates. That is, any cost savings realized by insurers should be passed through to the consumer.

Fourth, the Secretary shall take into account savings which may be realized by consumers through alleviating inconveniences experienced by consumers as a result of the theft and disposition of motor vehicle parts and components.

Finally, the Secretary should take into account considerations of safety.

The Committee determined that the Congress should reserve the right to review any standards issued under this Act. Accordingly, in subsection (k) it adopted the same procedure the Congress adopted in the Federal Trade Commission Improvements Act of 1980 (Public Law 96-252). The same procedure was adopted by the House-Senate conferees in the Motor Vehicle Safety and Cost Savings Authorization Act of 1980 (S. 1159), which passed the Senate on September 25, 1980 and is pending before the Rules Committee in the House.

The review provides for the veto of a standard if both Houses of Congress pass a Concurrent Resolution of disapproval of such standard within 90 days of its submission to the Congress.

Subsection 101(c) amends Section 103(d) of the National Traffic and Motor Vehicle Safety Act of 1966 which applies general Federal supremacy status to standards issued by the Department of Transportation under this bill. The Federal program cannot be modified by State actions.

The Committee anticipates that the program, like so many under the National Highway Traffic Safety Administration will be used by law enforcement officials at all levels of government. Many of the provisions are designed to facilitate the apprehension and prosecution of criminals. Moreover, where states or local government routinely inspect motor vehicles the Vehicle Identification Number may prove valuable in discovery of stolen cars or parts thereof.

Thus, the states are not preempted from enforcing, by an appropriate method, identical federal motor vehicle security standards at the pre-consumer level of distribution; provided, however, that such state enforcement scheme does not create an undue burden or interstate commerce or present serious danger of conflict with Federal enforcement programs.

Section 102—Report regarding security devices and systems

Section 102(a) requires the Secretary of Transportation, 9 months after the date of enactment, to submit a report to the Congress, regarding security devices and/or systems designed to deter the unauthorized entering or starting of a locked motor vehicle for the purpose of stealing the motor vehicle.

Subsection (b) provides that in this report, the Secretary is to determine whether an objective standard for such systems can be devised so that the systems are not compromised by the demonstrations of them which may be necessary to show compliance with the standard; and whether, it would be more beneficial if security devices and systems were left as options for auto manufacturers to offer in areas of high crime rates.

Subsection (c) states that the report may include any other matters relating to motor vehicle security which the Secretary considers appropriate. The report shall include recommendations for legislative or administrative action and is to be prepared after consulting with the Attorney General.

Section 103—Technical and conforming amendments

Section 103 amends sections of the National Traffic and Motor Vehicle Safety Act to reflect the substantive amendments set out in Sections 101 and 102 and make technical and conforming changes.

Section 104—Termination of certain provisions and amendments

Section 104 provides that the provisions of Title I and the amendments made in Title I shall be repealed, according to Section 104(a)(1), at the end of June 30 of the fourth successive year following the first June 30 which occurs at least 15 months after the effective date of the Federal Motor Vehicle Security Standard to be promulgated, unless the Secretary of Transportation and the Attorney General of the United States submit a joint written statement to Congress which makes several findings.

Subsection 104(b) outlines the findings to be made: (1) a finding based on the most recent available statistics contained in the National Crime Information Center, the most recent available statistics compiled in connection with publication of the Uniform Crime Reports and upon other sources, that there has been a significant improvement in the rate of thefts or the rate of recovery of motor vehicles, or motor vehicle parts and/or components during the period the motor vehicle security standard is in effect; (2) a finding that such improvement is significantly attributable to the operation and enforcement of such motor vehicle security standard; and (3) a finding that the provisions of Title I should remain in effect.

Subsection (c)(1) directs that the provisions of paragraphs (2) through (4) shall apply if the repeals and amendments specified in subsection (a) take effect. Paragraph (2) of subsection (c) provides that any Federal motor vehicle security standard shall cease to have any force or effect after the repeals specified in subsection (a) take effect. Paragraph (3) provides that any administrative proceeding relating to any provision of law repealed in accordance with subsection (a) which is pending on the effective date of such repeal shall be continued as if subsection (a) had not been enacted, and orders issued in any such administrative proceeding shall continue in effect until amended or revoked by the Secretary of Transportation in accordance with the National Traffic and Motor Vehicle Safety Act of 1966, or by operation of law.

The provisions of paragraph (4) specify that the repeals provided by subsection (a) shall not affect any suit, action, or other proceeding lawfully commenced before the effective date of such repeals and that all such suits, actions or proceedings shall be continued, proceedings therein had, appeals therein taken, and judgments therein rendered, in the same manner and with the same effect as if subsection (a) had not been enacted.

TITLE II—ANTIFENCING MEASURES

Section 201—Motor vehicle identification numbers: Forfeitures

Section 201 amends Chapter 25 of title 18, United States Code by adding a new section 510. "Altering or removing vehicle identification numbers." Subsection (a) of such section provides that, with exceptions, whoever knowingly removes, obliterates, tampers with, or alters any identification number for any motor vehicle shall be fined not more than $5,000, imprisoned for not more than 5 years or both.

Subsection (b) of new Section 510 provides that the provisions of subsection (a) shall not apply to any motor vehicle scrap processor or motor vehicle demolisher if such person is engaged in the processing of any motor vehicle, or part or component thereof into metallic scrap for purposes of recycling the metallic content and is in compliance with applicable State law regarding the disposition of such items. Such exemption also applies to persons acting under the authority of the Secretary of Transportation or State law to restore or replace such markings.

For purposes of new Section 510: (1) the term "identification number" means any identification number required by the Secretary of Transportation under any Federal motor vehicle security standard or Federal motor vehicle safety standard.

(2) The term "motor vehicle" has the meaning given it in section 102 of the National Traffic and Motor Vehicle Safety and Security Act.

(3) "Motor vehicle demolisher" is defined as any person who is engaged in the business of processing motor vehicles, parts or components which renders the item unsuitable for further use as a motor vehicle, or part or component thereof.

(4) The term "motor vehicle scrap processor" means any person who is engaged in the business of purchasing motor vehicles, parts or components for the purpose of processing such motor vehicles into metallic scrap for recycling.

Section 201 also adds a new section 511 to title 18 of the United States Code which creates a statutory right of seizure for Federal law enforcement officials of any motor vehicle, part or component whose identification number has been removed or altered. Exemptions from this provision apply in the case of such a motor vehicle part or component which has been attached to a motor vehicle without any knowledge by the owner that the identification number has been tampered with. Motor vehicles or parts whose identification numbers have been damaged by fire or accident are likewise exempt from forfeiture. The provision for seizure and forfeiture incorporates by reference the laws relating to seizures and forfeitures under the customs laws.

Effective in 1969, the Department of Transportation issued Federal Motor Vehicle Safety Standard No. 115 requiring a public VIN (Vehicle Identification Number). Under Title I of this Act, the Secretary of Transportation will be given regulatory authority to require identification numbers for components of the vehicle also. Consequently, after the enactment of Section 510 it would be a Federal crime to remove or alter the public VIN on any existing motor vehicle manufactured after January 1, 1969, or future motor vehicle because such identification number is already required by Department of Transportation regulations. On the other hand, the removal or alteration of the identification number for certain components would only become a Federal crime when such removal or alteration occurred after the establishment of a Department of Transportation regulation requiring an identification number for such component. Neither Section 510 or 511 are intended in any fashion or manner to restrict or preclude the States from passing and enforcing their own criminal laws relating to the removal or alteration of identification numbers affixed by the manufacturer to the motor vehicle and its components.

Section 202—Definition of securities

Section 202 amends 18 U.S.C. 2311 to include "motor vehicle title until it is cancelled by the State indicated thereon or blank motor vehicle title" in the definition of securities. At present a fully executed motor vehicle title would qualify as a "security" under the provision "document evidencing ownership of goods, wares, and merchandise" in the definition of "securities" in section 2311 of title 18, United States Code. However, a blank certificate would not be a "security".

Section 203—Sale or receipt of stolen motor vehicles

Section 203 amends 18 U.S.C. 2313 by ensuring that Federal jurisdiction will attach and remain with a stolen motor vehicle once it has crossed a State or United States boundary after being stolen. It thus becomes unnecessary to prove that such a vehicle has retained its interstate character in order to prosecute, as is presently necessary under the Dyer Act. Section 203 also amends 18 U.S.C. 2313 to make a Federal crime of possession of a motor vehicle or aircraft which has crossed a State or United States boundary after having been stolen. Presently, it is a crime to "receive" such a vehicle but possession is not specified.

Section 204—Trafficking in certain motor vehicles, motor vehicle parts, or motor vehicle components

Section 204 creates a new section 2319 of title 18, United States Code, which deals with traffickers in stolen motor vehicles or their parts with knowledge that their identification numbers were removed, obliterated, tampered with, or altered. It provides for criminal penalties of up to $25,000 in fines or 10 years' imprisonment, or both. The bill retains the present Dyer Act policy that the illegal possession of such a vehicle or part must include an intention on the part of the possessor to dispose of the vehicle or part. The section is aimed at the dealers and peddlers of such stolen items. It includes the exemptions provided in section 201. In addition, it is not designed to reach an individual who possesses such a vehicle or part for his own personal use even where the individual knows that the identification number has been removed, obliterated, tampered with, or altered. Such an offense would be subject to prosecution only under appropriate State and local laws; it would not add to the burdens of the Federal courts.

The terms "identification number", "motor vehicle" and "motor vehicle scrap processor" have the meanings given to them in Section 201.

Section 205—Definition of racketeering activity

Section 205 amends section 1961 of title 18, United States Code, commonly known as the RICO statute (Racketeer Influenced and Corrupt Organizations), to allow prosecution under this statute of those individuals and businesses which traffic in stolen vehicles and their parts.

Section 206—Nonmailable motor vehicle master keys

Section 206 amends the Master Key Act (39 U.S.C. 3002) to prohibit the mailing of devices which are designed or adapted primarily to open or to make inoperable any of the locks or the ignition switches of two or more motor vehicles. The provision also prohibits the mailing of any advertisement for such a device and authorizes the United States Postal Service to issue a mail stop-order in an appropriate case. Violations of this section would be within the investigative jurisdiction of the United States Postal Service.

TITLE III—IMPORTATION AND EXPORTATION MEASURES

Section 301—Amendments to title 18, United States Code

Section 301 adds a new section 553 to chapter 27 of title 18, United States Code, creating a federal offense to import or export or attempt to import or export, stolen self-propelled vehicles, vessels, or aircraft, or their parts, with knowledge that the vehicle or part was stolen. The section also prohibits the importation or exportation of vehicles or parts whose identification number the importer or exporter knows to have been removed, obliterated, tampered with, or altered. These offenses are punishable by a fine of up to $10,000, up to five years' imprisonment, or both.

For purposes of this section, the term "self-propelled motor vehicle" includes any automobile; truck; tractor; bus; motorcycle; motor home; and any other self-propelled construction equipment, special use equipment and any other such vehicle designed for running on land but not on rail.

The term "vessel" has the meaning given it in section 401 of the Tarriff Act of 1930 (19 U.S.C. 1401).

The term "aircraft" has the meaning given it in section 101(5) of the Federal Aviation Act of 1958 (49 U.S.C. 1301(5)).

Section 302—Amendments to Tariff Act of 1930

Section 302 creates two new sections to the Tariff Act of 1930. Section 626 subjects any individual who imports, exports, or attempts to import or export any stolen self-propelled vehicle, vessel, aircraft or parts thereof, or any self-propelled vehicle or vehicle part whose identification number has been removed, obliterated, tampered with or altered, to a civil penalty of up to $10,000 per instance, to be determined by the Secretary of the Treasury. In addition, under this section, any of the above-described self-propelled vehicles, vessels, aircraft or parts are subject to seizure and forfeiture if they are imported or exported. This section is not applicable to the importation or exportation of the conveyance or part by the lawful owner or his agent. The section also provides for a fine of up to $500 for any person attempting to export a used vehicle who fails to present identifying documents to the appropriate customs officer prior to lading or export. Regulations governing this are to be prescribed by the Secretary of the Treasury.

The terms "self-propelled motor vehicle" and "aircraft have the same meaning as in section 301.

For purposes of this section the term "used" refers to any self-propelled vehicle, the legal title of which has been transferred, by a manufacturer, distributor or dealer, to an ultimate purchaser.

"Ultimate purchaser" means the first person, other than a dealer, who purchases a self-propelled vehicle for purposes other than resale.

TITLE IV—REPORTING REQUIREMENTS

Section 401—Report regarding theft of off-highway vehicles

Section 401(a) provides that the Attorney General of the United States, as soon as practicable after the date of enactment of this Act shall establish a task force to study problems relating to the theft of off-highway vehicles and steps being taken to prevent the theft and subsequent disposition of such vehicles. The task force shall prepare a report containing the results of such study, after consultation with the Secretary of Transportation, and shall submit such report to Congress not later than 2 years after the date of enactment of this Act.

Section 401(b) lists those who will be part of the task force: the Attorney General, or his delegate; the Secretary of Agriculture, or his delegate; the Commissioner of Customs, or his delegate, at least one representative from each of the following groups: construction equipment manufacturers; users of construction equipment; farm equipment manufacturers; users of farm equipment (i.e. farmers); distributors and dealers for construction equipment; distributors and dealers for farm equipment; insurers of construction and farm equipment; state law enforcement officials; and local law enforcement officials. Members of the task force shall serve without pay but are eligible for travel expenses.

Subsection (c)(3) provides that the Attorney General, or his delegate shall serve as chairman of the task force.

Subsection (d) requires that the report contain information relating to: (1) the development and effectiveness of identification numbering systems for off-highway vehicles and the major components by manufacturers, user groups and others and the progress which has been made toward the development of a uniform national and international identification numbering system; (2) improvements in formats and procedures of the National Crime Information Center relating to reporting the theft of off-highway vehicles and the major components of such vehicles, and the extent to which affected groups are furnishing information in accordance with such procedures shall be included in the report; (3) efforts made by the owners of off-highway vehicles voluntarily to affix identification numbers to such vehicles and the major components of such vehicles and to otherwise protect such vehicles and components from theft shall be included in the report; (4) the effectiveness of any State laws relating to the titling of off-highway vehicles; and/or making it unlawful to remove, obliterate, tamper with or alter any identification number affixed by a manufacturer to an off-highway vehicle or a major component of such vehicle and permitting seizure by law enforcement officers, for investigative purposes, of off-highway vehicles and major components if identification numbers for such vehicles have been removed, obliterated, tampered with or altered.

The Report shall also cover the availability of certificates of origin which (A) contain adequate internal security features to deter forgery, alteration and counterfeiting; (B) list the identification number of the off-highway vehicle involved and major components of such vehicle; and (C) are suitable to serve as proof of ownership for off-highway vehicles through assignment to subsequent purchasers as stated in Paragraph (5).

The Report shall also cover any action being taken by auction businesses, banks and other financial institutions (in connection with the making of loans) and insurance businesses to deter the reintroduction of stolen off-highway vehicles, and major components of such vehicles, into the normal channels of commerce; as well as, the need for educational and training programs for State and local law enforcement officials designed to familiarize such officials with problems relating to the theft of off-highway vehicles will be part of the report.

In addition, the report shall include recommendations for legislative or administrative action if the task force considers any such action to be considered appropriate.

Subsection (e) defines, for purposes of this section, the term "off-highway vehicle" to mean a vehicle or work machine which is (1) self-propelled or pushed or towed by a self-propelled vehicle; (2) the primary function of which is off-highway in application and (3) any on-highway operation of which is incidental to the primary function of the vehicle or work machine. Such term includes self-propelled agricultural, forestry, industrial, construction and any other nontransportation special use equipment.

Section 402—Report regarding implementation of the act

Secton 402 states that the Attorney General of the United States in consultation with the Secretary of Transportation, Secretary of the Treasury, and the Postmaster General, shall submit to the Congress a report on the implementation and development of the provisions of title I, the provisions of title 18 and title 39, United States Code, which are added by the amendments made in title II, and the provisions of title 18, United States Code, and the Tariff Act of 1930 (19 U.S.C. 1202 et seq.) which are added by the amendments made in title III, and the effectiveness of such provisions in helping to prevent and reduce motor vehicle related theft. Such report shall be submitted on or before the first June 30 which occurs at least 15 months after the date of enactment of this act and on or before each June 30, thereafter for the following 9 successive years.

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

Pursuant to clause (2)(l)(3) (B) and (C) of rule XI of the Rules of the House of Representatives, the Committee sets forth the following letter and cost estimate prepared by the Congressional Budget Office with respect to H.R. 4178.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., October 2, 1980.

Hon. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce, U.S. House of Representatives, Rayburn House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has reviewed H.R. 4178, the Motor Vehicle Theft Prevention Act of 1980, as ordered reported by the House Committee on Interstate and Foreign Commerce, September 25, 1980.

This bill authorizes the National Highway Traffic Safety Administration (NHTSA) to develop regulations for automakers regarding the placing of identification numbers on motor vehicle parts and components. These regulations would be developed concurrently with reports on motor vehicle security devices and systems and federal security standards for motor vehicles. In addition, the bill increases criminal penalties for persons trafficking in stolen motor vehicles and parts and strengthens existing antifencing measures.

H.R. 4178 also contains a two-house legislative veto of federal motor vehicle security standards promulgated by the Secretary of Transportation. The costs of the legislative review of regulations and standards proposed under the Motor Vehicle Theft Prevention Act are highly dependent on the number of regulations reviewed by the relevant committees and the extensiveness of such reviews; however, the costs associated with this provision are not expected to be significant. There are no funds specifically authorized for the mandated studies; it is assumed that they will be funded out of the regular appropriations available to the affected agencies. The required security devices and systems report could, however, cost an additional $75,000 above the amount of funds already requested by NHTSA.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

ALICE M. RIVLIN, *Director.*

COST ESTIMATE

In accordance with clause 7(a) of rule XIII of the Rules of the House of Representatives, the Committee states that the reported bill neither authorizes nor requires appropriations.

INFLATIONARY IMPACT STATEMENT

Pursuant to rule XI, clause 2(l)(4) of the Rules of the House of Representatives, the Committee makes the following statement regarding the inflationary impact of the reported bill:

Information available to the Committee is that there will be a beneficial impact from the bill.

The Committee is determined not to add to the inflationary spiral that afflicts our economy nor to the burdens of our domestic auto industry whose difficulties translate into severe problems in so many communities across the country. This is not a time nor is this an industry for indulgence of speculative experimentation. To underscore its intent that this program be set up and operated in the most prudent manner possible, the Committee has taken the following actions:

Notice is served on the Secretary of Transportation that the Committee expects him to select the least expensive method of effectuating this program consistent with its purposes;

A cost/benefit analysis is required as a prerequisite to issuance of a final standard;

A ceiling of $7.50 cost per car (in current dollars) is established for this program;

A legislative veto procedure will apply so that if there is some abuse of discretion, the Congress can respond promptly;

A "sunset" process is provided so that, after five years of operation if the Secretary of Transportation and the Attorney General do not find that the program has helped reduce auto theft and/or increased the rate of recovery of stolen cars, then the program will be terminated without the need for the Congress to take additional action.

The Committee received testimony to the effect that a reduction in auto thefts and/or an increase in recovery of stolen autos will have a beneficial effect on auto insurance rates. We intend that cost savings be passed through. To the extent that such benefits occur, the Committee will seek to determine whether, and to what extent, such savings are passed on to rate payers.

AGENCY REPORTS

U.S. DEPARTMENT OF JUSTICE,
ASSISTANT ATTORNEY GENERAL, CRIMINAL DIVISION,
Washington, D.C., September 17, 1980.

Hon. JAMES H. SCHEUER,
Chairman, Subcommittee on Consumer Protection and Finance,
House of Representatives, Washington, D.C.

DEAR CONGRESSMAN SCHEUER: In furtherance of your recent request I am pleased to provide the following information concerning H.R. 4178, the "Motor Vehicle Theft Protection Act of 1980," and in particular the component part numbering concept which is its cornerstone.

On Sunday, September 14, 1980, the Vehicle Theft Committee of the International Association of Chiefs of Police (IACP) which is presently meeting in St. Louis, Missouri, reaffirmed its support for H.R. 4178 and unanimously approved and sent to the entire delegation its resolution supporting H.R. 4178. The full delegation is expected to approve this resolution on Thursday morning of this week. I have attached a copy of this resolution to my letter.

I also wish to stress that all law enforcement—local, state and federal—is unanimous that component identification numbering by the original vehicle manufacturers is essential to control the growing professionalism in motor vehicle theft. Not only will component identification help thwart the "chop shop" problem, but it will also help curtail the thieves' ability to dispose of the entire vehicle through the retitling process or by exporting the vehicle. This is so because the greater number of identified parts increases the risk of detection by law enforcement. Based upon cost estimates provided by the motor vehicle manufacturers we believe that adequate component identification can be accomplished at a cost to the consumer of less than $5.00 per vehicle. As the manufacturers improve their techniques the costs, most of which are for labor, will undoubtedly decrease as the manufacturer becomes more efficient.

In June 1968, the Federal Interagency Committee on Auto Theft Prevention requested all of the American motor vehicle manufacturers to institute a pilot project on component identification. While all the manufacturers acknowledged our request only the Ford Motor Company has advised us of its pilot project on its 1980 Lincoln Continentals and Mark VI's. We are working closely with Ford Motor Company and providing them with all information available to us. We have not as yet made an analysis of the Ford pilot project because of several factors. First of all, the primary purpose of the pilot project was to test whether the manufacturer could apply the identification numbers to the selected parts during the assembly process. The Ford pilot project has established that numbering can be accomplished with no disruption to the assembly process and hence has accomplished its major goal. The second, albeit crucial, factor is the effect that such numbering has on the vehicle theft rate. In our judgment the number of vehicles being marked by the Ford Motor Company (less than 100,000) are not sufficient in number or type of vehicle to make any accurate analysis in the short duration of its existence. Moreover, for component identification to work its existence must be known and utilized by law enforcement agencies across the nation. Since the Ford pilot project involves such a small number of the total vehicle population and its existence is not fully known or utilized by law enforcement at the working level, it will be extremely difficult to measure its effectiveness.

Nevertheless, we are confident that a uniform national component identification system will work. Besides the judgments of law enforcement officials that it will work, our experiences with chop shop operations show that they quickly discard any existing parts with identification numbers on them because they are "too hot to handle." Likewise, component parts with numbers will also allow the detection of thieves and distributors of such stolen parts. The absence of the numbers will be clear evidence of possible criminal wrongdoing. Law enforcement will then be able to prove a crime. Past experience in other areas shows that serialized objects have a greater recovery rate than non-serialized objects. Serialized objects which during their transfer pass through the scrutiny of law enforcement have even a greater chance of recovery. This is evidenced by comparing the recovery rate of motor vehicles with other forms of property. While motor vehicles used to be recovered at the rate of 90 percent of their value, they are still recovered at approximately 60 percent of their value. In regard to all other stolen property, the value recovery rate is only around 10 percent. Accordingly, identification numbers coupled with law enforcement scrutiny in the repair, retitling and registration process will help ensure greater recovery of stolen vehicles.

Finally, I wish to point out that component identification numbering does not create any more paperwork; nor does it require additional papers to be prepared by those businesses engaged in the vehicle salvage and repair industries. While the type of records they must keep is governed by state law, the only additional aspect which we envisage for such businesses is to place the identification number of the component on the invoices and records which they are presently generating. By placing this number you accomplish the ability to follow the audit trail of such major components.

We hope this letter is of benefit to you in your efforts to secure the prompt passage of this important crime prevention measure. It will take years to implement this legislation and more years thereafter before a signficant number of "numbered" vehicles enter the vehicle population. The sooner the Congress acts on this measure the quicker the relief to the American consumer and taxpayer will take effect.

Sincerely,

PHILIP B. HEYMANN,
Assistant Attorney General,
Criminal Division.
By MARK M. RICHARD,
Deputy Assistant Attorney General,
Criminal Division.

Attachment.

RESOLUTION—CONTINUED ENDORSEMENT OF THE "MOTOR VEHICLE THEFT PREVENTION ACT OF 1980"

Whereas motor vehicle thefts totaled in excess of 1,000,000 vehicles in 1979 and cost the consumer and taxpayer more than $4 billion; and

Whereas this problem is reflected in all geographical areas of the nation; and

Whereas a concerted effort by all levels of government, the private sector, and the motor vehicle owner is crucial to the curbing of this growing epidemic; and

Whereas while motor vehicle theft remains within the primary responsibilities of state and local government, the federal government as the national government has an obligation to act in those areas where it has the constitutional authority and responsibility; and

Whereas the "Motor Vehicle Theft Prevention Act of 1980" (S. 1214 and H.R. 4178) will help prevent the theft of motor vehicles by requiring their manufacturers to place identification numbers on major vehicle components; and

Whereas the "Motor Vehicle Theft Prevention Act of 1980" will create strong penalties for persons who remove the identification numbers of motor vehicles and motor vehicle parts and who illicitly traffic in such vehicles and parts; and

Whereas the International Association of Chiefs of Police resolved to support passage of this Act as amended at the 1979 annual conference; therefore, be it

Resolved, That the International Association of Chiefs of Police at its annual convention in St. Louis, Missouri, reiterates its support for passage of H.R. 4178 or S. 1214 as amended; and be it further

Resolved, That the International Association of Chiefs of Police calls upon its members to actively encourage their respective Congressional delegations to give this important crime prevention measure their full support; and be it further

Resolved, That a copy of this resolution be sent to all members of the Senate and House Committees having jurisdiction over these bills.

DEPARTMENT OF JUSTICE,
ASSISTANT ATTORNEY GENERAL, LEGISLATIVE AFFAIRS,
Washington, D.C., August 19, 1980.

Hon. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to our letter of November 26, 1979, concerning H.R. 4178 entitled the "Motor Vehicle Theft Prevention Act of 1979".

We have reviewed the Committee Print dated August 8, 1980 on H.R. 4178 as it was reported by the Subcommittee on Consumer Protection and Finance on August 1, 1980. While we regret the elimination of the "locking" authority for the Secretary of Transportation as there is a drastic need for the manufacturers of motor vehicles to improve the design of the motor vehicle to better guard against its unlawful taking by the criminal element, we believe that H.R. 4178 is still a valuable piece of federal legislation containing all of the other crucial features of the original bill. Moreover, the other changes made by the Subcommittee are improvements both to the substance and technical proficiency of the original bill.

Accordingly, the Department of Justice continues to fully support H.R. 4178 and continues to urge its passage by Congress during this session.

Sincerely,

ALAN A. PARKER,
Assistant Attorney General.

DEPARTMENT OF JUSTICE,
ASSISTANT ATTORNEY GENERAL, LEGISLATIVE AFFAIRS,
Washington, D.C., November 26, 1979.

Hon. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for our views on H.R. 1955 and H.R. 4178, both of which are entitled the "Motor Vehicle Theft Prevention Act of 1979." H.R. 4247, which is identical to H.R. 1955, will also be covered by our report.

Both H.R. 1955 and H.R. 4178 are based upon H.R. 14252 of the 95th Congress. H.R. 14252 was submitted to the Congress for its consideration by this Department on September 6, 1978. The various modifications made to H.R. 14252 by H.R. 1955 and H.R. 4178 are improvements and generally meet with the approval of this Department. We do, however, have three suggested changes which we will make reference to later in our report. We have attached hereto a memorandum which details the differences between these bills. Since H.R. 4178 is the most comprehensive of the measures and includes all the additional provisions of H.R. 1955, we consider H.R. 4178 to be the primary bill. As of this time H.R. 4178 has over 45 co-sponsors in the House. An identical version to H.R. 4178 has been introduced in the Senate (S. 1214). Because the section-by-section analysis for S. 1214 is applicable to H.R. 4178, we are attaching a copy of a Senate Congressional Record reprint which pertains to S. 1214.

Basically, the changes made by H.R. 4178 to H.R. 14252 consist of (1) an improved articulation of the findings and purposes of the legislation; (2) the imposition of time limits for the implementation of the regulations required under the bill relating to component identification and unauthorized starting of the motor vehicle; (3) the removal of the possibility of seizure and forfeiture of motor vehicles and motor vehicle parts in two limited situations where their required identification number has been removed, obliterated, tampered with or altered; and (4) expansion of the scope of the study relating to theft of off-highway vehicles used in the construction and farming, industries.

There are three areas in Title II of H.R. 4178, however, where we would recommend change. They are:

> (1) Section 202(b) (2) and (3) state that the Secretary of Transportation must take into account in the proposed and final standards certain specific ongoing technological developments. While we believe that the specific technological areas cited should be fully considered, we are apprehensive that focusing the rulemaking process by statute on specific technology could predetermine the result and undermine the whole program. Accordingly, we recommend that section 202(b)(2) be amended to read:
>
> "(2) the proposed rules concerning the prevention of the unauthorized starting of the motor vehicle and the theft of motor vehicle parts shall take into account ongoing technological developments."
>
> Section 202(b)(3) should then be deleted and paragraph "(4)" should be renumbered paragraph "(3)". The specific technological areas presently cited could then be set forth in the section-by-section analysis of the bill. This approach would accomplish the purposes of the provision without unduly prejudicing the rulemaking process.
>
> (2) In Section 202(a) of the bill there is reference to several specific groups with which the Secretary must consult closely in exercising his authority. While each of the specific groups mentioned should be consulted there are undoubtedly others. Accordingly, we recommend that Section 202(a) be amended to read in relevant part:
>
> ". . ., the Secretary shall consult closely with the Attorney General, the law enforcement community, the insurance industry, the motor vehicle manufacturers, and any other groups and individuals interested in or affected by the motor vehicle theft problem."
>
> Of course, the specific groups now listed as well as other equally capable groups could be set forth in the section-by-section analysis of the bill.

> (3) Finally, we believe in the section-by-section analysis of Section 201 of the bill it would be advisable to use appropriate language to show that the cost/benefit analysis that the Secretary must make is one of judgment and that an absolute conclusiveness for his determination is not required, if such were indeed possible, in such an area where the various contributing factors to motor vehicle theft are not humanly controllable and are constantly changing.

Motor vehicle related theft is a serious national crime problem. Thefts of the motor vehicle, its contents and its accessories; accounted for over 45 percent of all larcenies reported to law enforcement in 1978. The combined costs to the publc attributable to these thefts approached $4 billion in 1978. Of course, all of us as consumers and taxpayers must bear the costs of these vehicle related crimes. Motor vehicle theft has over the past decade evolved more and more into a professional crime. While juveniles arrested for motor vehicle theft still constitute more than 50 percent of those arrested, the juvenile participation rate has been declining. In fact, the solution rate itself for motor vehicle theft has declined from 24.3 percent in 1967 to 16.3 percent in 1978. This represents a decline of 33 percent. Moreover, the value recovery rate of 86 percent of all stolen motor vehicles in 1967 has dropped to 61 percent in 1978. These statistics clearly indicate that professional thieves have increasingly entered into the stolen motor vehicle area of crime. Especially alarming is that the initial crime reports for the first six months of this year show a national increase in motor vehicle theft of 13 percent over the corresponding time period of 1978. Some cities are experiencing increases of over 40 percent this year. The increase is reflected in all geographical areas, north, south, east, west, urban, suburban and rural.

The enactment of H.R. 4178 will provide government with important new tools and weapons in its fight against professional crime. The Department of Justice urges prompt passage of this legislation.

The Office of Management and Budget advises that the enactment of this legislation would be consistent with the objectives of the Administration.

Sincerely,

ALAN A. PARKER,
Assistant Attorney General.

Attachments.

COMPARISON BETWEEN H.R. 14252, H.R. 1955 (INCLUDING H.R. 4247) AND H.R. 4178 "MOTOR VEHICLE THEFT PREVENTION ACTS"

H.R. 14252 (95th Congress)

This bill was submitted to the Congress on September 6, 1978 by the Department of Justice. It was introduced by Congressman Green on October 5, 1978. It expired when the 95th Congress adjourned. It was identical to S. 3531 introduced by Senators Biden, Percy, and Thurmond in the Senate on September 27, 1978.

H.R. 1955 (96th Congress)

This bill was introduced by Congressman Green on February 8, 1979. It is very similar to the previous H.R. 14252 with two additions. They are:

(1) Added to Section 101 of Title I—Findings and Purposes, was a new paragraph (k) relating to the need for increased prosecutive emphasis for motor vehicle theft violations; and

(2) Added to Section 501(a) of Title V—Reporting Requirements was a new subparagraph (13) relating to developments concerning the use of a manufacturer's certificate of origin for off-road vehicles.

H.R. 4247 (96th Congress)

This bill was introduced by Congressman Gonzalez on May 30, 1978. It is identical to H.R. 1955.

H.R. 4178 (96th Congress)

This bill was introduced on May 22, 1979 by Congressman Green and 23 other co-sponsors. Since then it has acquired over 20 additional co-sponsors. It is identical to S. 1214 also introduced in the Senate on May 22, 1979 by Senators Biden and Percy. The bill represents a rewrite of H.R. 14252 and S. 3531 by the staffs of Senators Biden and Percy and Congressman Green in consultation with the Department of Justice. It includes all the changes made by H.R. 1955. A title by title analysis of the changes made to H.R. 14252 by H.R. 4178 follows.

TITLE I—FINDINGS AND PURPOSES

In general, H.R. 4178 retains all the findings and purposes of H.R. 14252. It rearranges their order and makes some linguistic changes. It places a greater stress on the organized crime aspect of the motor vehicle theft problem. In particular, it adds a new paragraph (f) to Section 101 relating to the theft of farming and construction equipment. It highlights in paragraph (h) of Section 101 the need for the insurance industry to improve its procedures. It adds a new paragraph (m) in Section 101 relating to an increased prosecutive emphasis for motor vehicle theft violations.

TITLE II—IMPROVED SECURITY FOR MOTOR VEHICLE AND MOTOR VEHICLE PARTS

Section 201

This provision was changed in H.R. 4178 to specifically require the Secretary of Transportation to issue anti-theft standards instead of merely permitting the issuance of such standards. Also, the word "consumer" was added to line 14 in order to clearly show it was consumer time and consumer inconvenience which the Secretary had to take into account.

Section 202

This section is all new. It requires consultation with the law enforcement community in the promulgation of the anti-theft standards. It imposes time limits on the issuance of the regulations and it requires a careful examination of ongoing technological developments in the design of such regulations.

Section 203

This is new. Although the National Traffic and Motor Vehicle Safety Act of 1966 had a federal preemption provision, it was felt that such was not quite adequate to deal with the component part numbering aspect.

TITLE III—ANTIFENCING MEASURES

Section 301

Significant changes were made to the corresponding provision in H.R. 14252. First of all, two exceptions were created to the statutory right of seizure. They were in those situations where a part whose number had been removed or falsified had been attached back to a vehicle of an innocent purchaser of such part and where the vehicle or part, having lost its original number applied by the manufacturer, had had a replacement number applied in accordance with appropriate laws. It was never intended to permit seizuer in the latter situation and the new language makes this clear. The former exception is intended to ease the burdens on a person who has his car repaired and, unknowning to him, the repairman uses stolen parts with falsified or removed identification numbers to fix it.

Another major change is that instead of the mandatory seizure called for under H.R. 14252, the provision now permits a discretionary use of such authority. The final major change is the incorporation by reference of the custom law's procedures for the disposal of any seized motor vehicles or parts.

Section 303

This change to present 18 U.S.C. 2313 was not in H.R. 14252.

TITLE IV—IMPORTATION AND EXPORTATION MEASURES

The only change in this title is that the term "motor vehicle" in H.R. 14252 has been replaced by the term "self-propelled vehicle." This does not change at all the scope and coverage of the title.

TITLE V—REPORTING REQUIREMENTS

Section 501

H.R. 4178 expands upon the scope of the study. It changes the term "off-road motor vehicle" to "off-highway vehicle." It adds three new subparagraphs to the study (i.e. 13–15). It changes the definition of "off-highway vehicle" to exclude those components which are not pushed or towed by a self-propelled vehicle.

Section 502

H.R. 4178 increased the number of annual reports to Congress from 5 to 10 years. It was felt that this extended period was necessary to fairly judge the Act's effectiveness since the requirements of Title II will not show up in manufactured motor vehicles until 4 or so years after the enactment of the legislation. After which, it will take several additional years of such new vehicles to materially affect the total vehicle population.

U.S. Department of Justice,
Washington, D.C.

TALKING PAPER II—COMPONENT IDENTIFICATION REVISITED

An Outline of various factors to be considered in requireing identification numbers on major motor vehicle components—May 1979

Preamble

In March 1978 the Department issued its initial "Talking Paper" on this subject in hopes of focusing discussion for those groups seeking or which would be affected by motor vehicle major component identification. With the passage of time and the insight gained from various dialogues it is necessary that our "Talking Paper" be updated. We remain convinced that component identification is an essential aspect of the coordinated effort needed to curtail the growing motor vehicle theft problem. It will not only help to diminish the "chop shop" aspect but it will also seriously hinder the professional thief's ability to dispose of the entire vehicle because of the additional numbers which must be altered to successfully change the identity of the stolen motor vehicle. In March of 1978 we estimated the added cost to the consumer for the additional numbers required to put on an automobile by its manufacturer to be less than $5.00 a vehicle. While our estimate is admitteldy based upon a scarcity of available cost information, we have seen no new information in the past year which would cause us to alter our earlier estimate. Several states (Illinois, Michigan, New york and Ohio) are presently considering legislation which would require component identification. The United States Congress has before it legislation entitled the "Motor Vehicle Theft Prevention Act of 1979" which would also result in component identification (H.R. 4178 formerly H.R. 1955 and S. 1214.) In order for there to be component identification under the Federal legislation presently before Congress, the Secretary of Transporation would have to find that such a measure is cost beneficial. When the monetary costs of auto theft which have been initially analyzed in the Arthur Little Study entitled "Vehicle Anti-Theft Security System Design" and the cost information being developed in the congressional hearings on the "Motor Vehicle Theft Prevention Act of 1979" are fully available, there is little doubt that component identification will be found to be cost beneficial.

(A) Nature and character of the component identification number

Basically, it is most desirable if the number utilized for component identification is the same as that required for the vehicle identification number (VIN) under U.S. Department of Transportation Federal Motor Vehicle Safety Standard No. 115. (i.e. 17 characters). However, for some methods of application by the manufacturer (e.g. stamping and laser marking) requiring all 17 characters could be difficult and costly. Accordingly, it may be necessary to make use of the VIN derivative for some components. At present we believe that the VIN derivative should be sections one and three of the full VIN. This would make the derivative 11 characters in length and provide for absolute uniqueness. It is also conceivable that section three alone of the VIN, which consists of eight characters—representing the model year, assembly plant and six character sequential—could serve as the derivative. The benefits and detriments of each version of the derivative will have to be closely examined. If the manufacturer uses a self-destructive "sticker" to affix the component identification number, there is little reason to justify not utilizing the full VIN. The reason for the full VIN, of course, is the ease in identifying the vehicle from which the component came. If the use of a derivative for a certain component is necessary, it would seem desirable, for natonal consistency purposes, that all motor vehicle manufacturers use the derivative for making that particular component.

Finally, should the manufacturer use some form of a "sticker" to affix the component identification number, we see no reason why the sticker cannot be used to carry additional information for other purposes (eg. manufacturer's certification label on driver's door; engine tune-up label on radiator core support; etc.) provided the sticker also contains the vehicle identification number to identify the component to which it has been affixed.

(B) Duration of the component identification number

The number affixed to the component by the vehicle's manufacturer should remain with the component until such component is destroyed in its entirety. This number should not be affixed to any replacement for the component. (Of course, any component which lost its identification number could have its number restored. See Part G infra.)

(C) Types of vehicles covered

1. Each automobile should have the component identification number affixed to the components specified in Part E(2) infra.

2. The components requiring identification numbers for other motor vehicles will have to be decided by the characteristics of that vehicle.

(D) Manner of application

The component identification number should be permanently affixed by riveting, welding, impressing, stamping, burning, or some other equivalent permanent manner such as the use of an adhesive material which is tamper proof and self-destructive if the material is removed. It is realized that a number applied by a self-destructive adhesive material as well as one applied by riveting or welding, while adequate to prevent the accidental separation of such number from the component, may be more susceptible to being overcome by the professional thief than other methods (eg. laser marking or stamping). However, the passage and enforcement of state and federal laws making it a crime to remove or tamper with such identification numbers and permitting seizure and possible forfeiture of any vehicle or component which has its identification number removed, obliterated, tampered with, or altered should significantly deter the intentional removal of any such number regardless of how it is affixed by the manufacturer. Moreover, it is expected that the motor vehicle manufacturers as well as their suppliers of materials utilized for component identification will undertake all necessary security measures to guard such materials from theft or loss.

(E) Location of component identification numbers for automobiles

1. Generally speaking the components selected should be those which will primarily deter professional thieves who either resell the vehicle itself or cut it up for parts (ie. "chop shop"). It should be a component which is standard to the vehicle at the time of original manufacture. The component should not be a part which will normally wear out during the life expectancy of the vehicle and have to be totally replaced. If the component is a "crash part" and it has to be replaced, then it should be one which normally would not be rebuilt and would be discarded as scrap.

Once the components to be numbered have been selected, the manufacturer should be allowed some flexibility as to where, how and when to affix the number to that component during the assembly process. Of course, the location chosen should not be such that the normal use of the vehicle would expose such number to full or partial destruction. Nor should the exact location be such that it is not subject to easy inspection. We presently contemplate that actually none of the component identification numbers would be visible to a normal observer of the vehicle when its doors, hood and trunk were closed. (Of course the public VIN would be viewable through the windshield.)

2. A list of the components which we presently feel necessary to accomplish the purpose for component identification for automobiles are:

(a) The engine;

(b) The transmission;

(c) Each door allowing entrance or egress to the passenger compartment;

(d) The hood;

(e) The radiator core support of the front end assembly;

(f) Each front fender;

(g) The deck lid, tailgate, or hatchback (whichever is present);

(h) The trunk floor pan;

(i) The frame or, in the case of a unitized body, the supporting structure which serves as the frame; and

(j) One additional confidential location selected each year by the manufacturer with notification to law enforcement of the exact location.

3. Items (a), (b), (c), (d), and (g) are already assembled items having special value to a thief. Items (e) and (f) make up the major portion of the front end assembly of the vehicle which has its primary value to the thief as a complete unit. Item (h), when combined with item (g), covers the "rear clip" of the vehicle. The numbers are concentrated on the front of the car because those are the parts which are most lucrative and of primary interest to the thief since these parts are the ones most likely needed to be replaced as a result of a serious accident. As we see it, this would require basicall seven more numbers (nine in the case of a four-door) than the manufacturers are presently putting on the automobile.

(F) *Replacement components for original components requiring an identification number*

1. "Used"—A "used" replacement component should bear the identification number affixed to such component by the manufacturer at the time it was assembled to the original vehicle from which it was removed.

2. "New"—A "new" replacement component made expressly for such replacement purpose should contain a permanent marking indicating it is a "replacement."

(G) *Repair of defaced or separated numbers*

If an identification number is defaced or separated from a vehicle component, it may be restored or affixed back thereto by an appropriate permanent and lawful manner. The Vehicle Equipment Safety Commission (VESC) is presently developing a standard entitled "Replacement Vehicle Identification Numbering System" for the states which also covers the replacement of the component part number.

(H) *Record Keeping*

We do not see the need to record the identification numbers of "used" motor vehicle components on any official document kept or issued by the State Motor Vehicle Department (DMV). We would expect the seller (ie. body repair shop, dismantler, etc.) of any used part having an identification number on it to provide a bill of sale or invoice which lists the identification number of the used component. This bill of sale should be retained by the vehicle owner to the extent he keeps other similar records for purchased items. The loss of this record by the owner will not create any undue burden for law enforcement. Sellers of used parts having component identification numbers would keep appropriate records of their transactions as required by state law or DMV regulations.

It is contemplated that a scrap metal processor which receives as scrap any component having an identification number from a dismantler or repair shop which itself is required to keep reasonable records pertaining to such numbered components would not have to keep or generate very extensive records in regard to such purchase. However, if the scrap metal processor purchases such components as scrap from a non-licensed entity which is not required to keep appropriate records (eg. a private individual) the scrap processor may be required in this instance to keep a more detailed record of such purchase.

Finally, whenever a motor vehicle previously declared to be salvage is rebuilt, it is anticipated that more and more state DMVs will be requiring the individual who seeks to retitle the vehicle to be able to show proof of legitimate purchase of any used or new major component utilized to rebuild the vehicle. As noted previously, however, there is no crucial need that the information contained in these bill(s) of sale be incorporated into the records of DMV itself or in any other centralized repository.

Executive Office of the President,
Office of Management and Budget,
Washington, D.C., November 5, 1979.

Hon. Harley O. Staggers,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives, Washington, D.C.

Dear Mr. Chairman: This is in response to your request for the views of the Office of Management and Budget on H.R. 4178, the "Motor Vehicle Theft Prevention Act of 1979."

For the reasons stated in the report sent to you by the Department of Justice, the Office of Management and Budget supports enactment of H.R. 4178, subject to the changes recommended by the Department.

Sincerely,

James M. Frey,
Assistant Director for
Legislative Reference.

General Counsel of the
U.S. Department of Commerce,
Washington, D.C., September 28, 1979.

Hon. Harley O. Staggers,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives, Washington, D.C.

Dear Mr. Chairman: This is in reply to your request for the views of this Department on H.R. 1955, a bill "To improve the physical security features of the motor vehicle and its parts, increase the criminal penalties of persons trafficking in stolen motor vehicles and parts, and to curtail the exportation of stolen motor vehicles and for other purposes."

As a member of the Federal Interagency Committee on Auto Theft Prevention, the Department of Commerce fully supports the bill which provides, *inter alia*, the following:

1. Requires automobile manufacturers to install more secure locking systems, and to place the vehicle identification numbers (VIN) on all principal body parts;
2. Makes it a Federal offense punishable by a $5,000 fine or 5 years imprisonment or both, to alter the VIN. Professional "chop-shop" operators could be fined $25,000 or imprisoned 10 years, or both;
3. Amends the National Stolen Property Act to include vehicle titles, so as to restrain fraudulent titling schemes;
4. Expands the racketeering influence and corrupt organizations (RICO) statute to cover "chop-shop" operations. Those individuals who traffic in stolen vehicles and their parts could have their businesses seized by Federal authorities, and forfeited;
5. Prohibits the sale or advertisement of devices used to break into automobiles;
6. Permits the U.S. Customs Service to arrest individuals attempting to export a stolen vehicle. Currently, Customs Agents can only arrest narcotics or navigation law violators;
7. Gives authority to the Secretary of Treasury to make it more difficult to export stolen motor vehicles;

8. Directs the Attorney General to conduct a comprehensive study of the growing theft of agricultural and construction equipment;

9. Requires that on or before the first June 30 which occurs at least 15 months after the enactment of this legislation and on or before each June 30 thereafter for the following four successive years, the Attorney General, in consultation with the Secretaries of Transportation and Treasury, and the Postmaster General submit a report to the Congress on the implementation of various provisions of the Act and the effectiveness of such provisions in helping to prevent and reduce motor vehicle related theft; and

10. Finally, the bill grants the Secretary of Transportation authority to establish vehicle standards to reduce theft.

Motor vehicle theft imposes costs primarily on the vehicle owner either directly or through the owner's insurer. We recognize that there are moral hazards and law enforcement aspects as well. However, because of the predominance of private costs, the criteria for establishing standards should be clearly directed at the costs and benefits to the vehicle purchaser. These include monetary, inconvenience, and safety dimensions.

One of the options open to the Secretary of Transportation should clearly be no standard at all. Alternative means of theft prevention, such as consumer education about the risks and costs of theft and insurance premium incentives for theft control, should be actively considered along with evaluation of the feasibility and effectiveness of vehicle standards.

Notwithstanding our comment above, the Department of Commerce strongly endorses the enactment of such legislation as a very important initiative in combating the theft of motor vehicles. The United States Department of Justice estimates that the cost to the American consumer and taxpayer for automobile theft and enforcement efforts exceeds $4 billion annually. It is also of great concern to the Department of Justice that few Americans realize that the crime of automobile theft is no longer one confined to the recalcitrant youth interested in joyriding. The problem of auto theft is one in which organized crime elements in our society have become involved and is "the most lucrative illegitimate business today" according to the FBI.

You have also requested our views on H.R. 4178, a bill for the same general purpose. We would defer to the views of the Attorney General and the Secretary of Transportation as to which of these bills is better suited to meet the objective of reducing motor vehicle thefts.

We have been advised by the Office of Management and Budget that there would be no objection to the submission of our report to the Congress from the standpoint of the Administration's program.

Sincerely,

C. L. Haslam,
General Counsel.

DEPARTMENT OF STATE,
Washington, D.C., September 28, 1979.

Hon. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: On behalf of Secretary Vance, I am responding to your request for the views of the Department of State on two bills, H.R. 1955 and H.R. 4178, dealing with procedures and programs designed to curb the theft and disposition of stolen motor vehicles and their parts.

The Department of State has no objection to the enactment of either H.R. 1955 or H.R. 4178.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the submission of this report.

Sincerely,

J. BRIAN ATWOOD,
Assistant Secretary
for Congressional Relations.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

NATIONAL TRAFFIC AND MOTOR VEHICLE SAFETY ACT OF 1966

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Congress hereby declares that the purpose of this Act is to reduce traffic accidents and deaths and injuries to persons resulting from traffic accidents, *and to improve the identification numbering systems for motor vehicle parts and components.* Therefore, Congress determines that it is necessary to establish motor vehicle safety standards for motor vehicles and equipment in interstate commerce; to undertake and support necessary safety research and development; ⟦and⟧ to expand the national driver register*; and to establish security standards for motor vehicle parts and components.*

TITLE I—MOTOR VEHICLE SAFETY *AND SECURITY* STANDARDS

SEC. 101. This Act may be cited as the "National Traffic and Motor Vehicle ⟦Safety Act of 1966⟧ *Safety and Security Act*".

PART A—GENERAL PROVISIONS

SEC. 102. As used in this title—

(1) "Motor vehicle safety" means the performance of motor vehicles or motor vehicle equipment in such a manner that the public is protected against unreasonable risk of accidents occurring as a

result of the design, construction or performance of motor vehicles and is also protected against unreasonable risk of death or injury to persons in the event accidents do occur, and includes nonoperational safety of such vehicles.

(2) "Motor vehicle safety standards" means a minimum standard for motor vehicle performance, or motor vehicle equipment performance, which is practicable, which meets the need for motor vehicle safety and which provides objective criteria.

(3) "Motor vehicle security standard" means a minimum performance standard relating to methods and procedures for the identification of new motor vehicle parts and components (other than motorcycle parts and components). For purposes of this paragraph, "motorcycle" means a motor vehicle with motive power having a seat or saddle for the use of the rider and designed to travel on not more than 3 wheels in contact with the ground.

[(3)**]** *(4)* "Motor vehicle" means any vehicle driven or drawn by mechanical power manufactured primarily for use on the public streets, roads, and highways, except any vehicle operated exclusively on a rail or rails.

[(4)**]** *(5)* "Motor vehicle equipment" means any system, part, or component of a motor vehicle as originally manufactured or any similar part or component manufactured or sold for replacement or improvement of such system, part, or component or as any accessory, or addition to the motor vehicle, and any device, article, or apparel not a system, part, or component of a motor vehicle (other than medicines, or eyeglasses prescribed by a physician or other duly licensed practitioner), which is manufactured, sold, delivered, offered, or intended for use exclusively to safeguard motor vehicles, drivers, passengers, and other highway users from risk of accident, injury, or death.

[(5)**]** *(6)* "Manufacturer" means any person engaged in the manufacturing or assembling of motor vehicles or motor vehicle equipment, including any person importing motor vehicles or motor vehicle equipment for resale.

[(6)**]** *(7)* "Distributor" means any person primarily engaged in the sale and distribution of motor vehicles or motor vehicle equipment for resale.

[(7)**]** *(8)* "Dealer" means any person who is engaged in the sale and distribution of new motor vehicles or motor vehicle equipment primarily to purchasers who in good faith purchase any such vehicle or equipment for purposes other than resale.

[(8)**]** *(9)* "State" includes each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, the Canal Zone, and American Samoa.

[(9)**]** *(10)* "Interstate commerce" means commerce between any place in a State and any place in another State, or between places in the same State through another State.

[(10)**]** *(11)* "Secretary" means the Secretary of Transportation.

[(11)**]** *(12)* "Defect" includes any defect in performance, construction, components, or materials in motor vehicles or motor vehicle equipment.

[(12)**]** *(13)* "United States district courts" means the Federal district courts of the United States and the United States courts of the Commonwealth of Puerto Rico, Guam, the Virgin Islands, the Canal Zone, and American Samoa.

[(13)] *(14)* "Vehicle Equipment Safety Commission" means the Commission established pursuant to the joint resolution of the Congress relating to highway traffic safety, approved August 20, 1958 (72 Stat. 635), or as it may be hereafter reconstituted by law.

[(14)] *(15)* "Schoolbus" means a passenger motor vehicle which is designed to carry more than 10 passengers in addition to the driver, and which the Secretary determines is likely to be significantly used for the purpose of transporting primary, preprimary, or secondary school students to or from such schools or events related to such schools; and

[(15)] *(16)* "Schoolbus equipment" means equipment designed primarily as a system, part, or component of a schoolbus, or any similar part or component manufactured or sold for replacement or improvement of such system, part, or component or as an accessory or addition to a schoolbus.

SEC. 103. (a) The Secretary shall establish by order appropriate Federal motor vehicle safety standards, *and shall establish by order Federal motor vehicle security standards in accordance with subsection (j).* [Each such Federal motor vehicle safety standard shall be practicable, shall meet the need for motor vehicle safety, and shall be stated in objective terms.] *Each such standard shall be practicable and shall be stated in objective terms. Each such Federal motor vehicle safety standard shall meet the need for motor vehicle safety, and each such Federal motor vehicle security standard shall meet the need for motor vehicle security.*

(b) The Administrative Procedure Act shall apply to all orders establishing, amending, or revoking a Federal motor vehicle safety standard *or a Federal motor vehicle security standard* under this title.

(c) Each order establishing a Federal motor vehicle safety standard, *or a Federal motor vehicle security standard (subject to the provisions of subsection (j)),* shall specify the date such standard is to take effect which shall not be sooner than one hundred and eighty days or later than one year from the date such order is issued, unless the Secretary finds, for good cause shown, that an earlier or later effective date is in the public interest, and publishes his reasons for such finding.

(d)*(1)* Whenever a Federal motor vehicle safety standard established under this title is in effect, no State or political subdivision of a State shall have any authority either to establish, or to continue in effect, with respect to any motor vehicle or item of motor vehicle equipment any safety standard applicable to the same aspect of performance of such vehicle or item of equipment which is not identical to the Federal standard. Nothing in this section shall be construed to prevent the Federal Government or the government of any State or political subdivision thereof from establishing a safety requirement applicable to motor vehicles or motor vehicle equipment procured for its own use if such requirement imposes a higher standard of performance than that required to comply with the otherwise applicable Federal standard.

(2) Whenever a Federal motor vehicle security standard established under this title is in effect, no State or political subdivision of a State shall have any authority either to establish, or to continue in effect, with respect to any motor vehicle part or component,

any security standard which is not identical to such Federal motor vehicle security standard.

(e) The Secretary may by order amend or revoke any Federal motor vehicle safety standard *or any Federal motor vehicle security standard* established under this section. Such order shall specify the date on which such amendment or revocation is to take effect which shall not be sooner than one hundred and eighty days or later than one year from the date the order is issued, unless the Secretary finds, for good cause shown, that an earlier or later effective date is in the public interest, and publishes his reasons for such finding.

(f) In prescribing *Federal motor vehicle safety* standards under this section, the Secretary shall—

(1) consider relevant available motor vehicle safety data, including the results of research, development, testing and evaluation activities conducted pursuant to this Act;

(2) consult with the Vehicle Equipment Safety Commission, and such other State or interstate agencies (including legislative committees) as he deems appropriate;

(3) consider whether any such proposed standard is reasonable, practicable and appropriate for the particular type of motor vehicle or item of motor vehicle equipment for which it is prescribed; and

(4) consider the extent to which such standards will contribute to carrying out the purposes of this Act.

* * * * * * *

(j)(1) The Secretary, not later than 12 months after the date of the enactment of the Motor Vehicle Theft Prevention Act of 1980, shall publish a proposed Federal motor vehicle security standard.

(2) Subject to the requirements of paragraph (3), the Secretary, as soon as practicable after such 12-month period but not later than 24 months after such date of enactment, shall promulgate a Federal motor vehicle security standard. Such standard shall take effect not earlier than 180 days, and not later than 1 year, after the date on which such standard is promulgated, unless the Secretary finds, for good cause shown, that an earlier or later effective date is in the public interest, and publishes his reasons for such finding. Such standard shall apply only to motor vehicle parts and components which are (A) included in the assembly of motor vehicles manufactured after the effective date of such standard; or (B) manufactured as new replacement parts or components after such effective date.

(3)(A) The Secretary, before promulgating any Federal motor vehicle security standard under this subsection, shall conduct a study to determine the cost of implementing such standard and the benefits attainable as a result of the implementation of such standard. Such study shall include an evaluation of the effect which such standard may have upon production and sales by the domestic motor vehicle manufacturing industry.

(B) The Secretary shall include the results of such study in the publication of the proposed Federal motor vehicle security standard specified in paragraph (1).

(C) The Secretary shall not have any authority to promulgate any such Federal motor vehicle security standard unless the Secretary

determines, as a result of such study, that the benefits of such standard are likely to exceed the costs of such standard.

(4)(A) No motor vehicle security standard promulgated by the Secretary under this subsection may impose costs upon manufacturers of motor vehicles in excess of $7.50 per motor vehicle. The level of costs per motor vehicle imposed by any such standard shall be determined by the Secretary as part of the study which is required in paragraph (3)(A).

(B) Any manufacturer, subsequent to the promulgation of any such Federal motor vehicle security standard, may petition the Secretary to amend such standard for the purpose of complying with the requirements subparagraph (A). Upon a showing by such manufacturer that compliance with such standard will cause costs which exceed $7.50 per motor vehicle, the Secretary shall amend such standard in such manner as may be necessary to eliminate costs which exceed $7.50 per motor vehicle.

(C)(i) At the beginning of each calendar year (commencing in 1981), as there become available necessary data from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall certify to the Secretary and publish in the Federal Register the percentage difference between the price index for the 12 months preceding the beginning of such calendar year and the price index for the base period. The amount specified in subparagraph (A) and subparagraph (B) shall be adjusted by such percentage difference. Such amount so adjusted shall be the amount in effect for such calendar year.

(ii) For purposes of this subparagraph:

(I) The term "base period" means calendar year 1979.

(II) The term "price index" means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.

(5) No motor vehicle security standard prescribed by the Secretary under this section may require the numbering or other identification of more than a total of 14 parts and components for any motor vehicle.

(6) In prescribing motor vehicle security standards under this section, the Secretary shall take into account—

(A) relevant available motor vehicle security data, including the results of research, development, testing, and evaluation activities conducted pursuant to this Act;

(B) available studies carried out by motor vehicle manufacturers which evaluate (i) methods and procedures for the identification of motor vehicle parts and components; and (ii) the effects which such methods and procedures may have with respect to reducing motor vehicle thefts and with respect to the costs of motor vehicle ownership;

(C) the effect of the implementation of such standard upon the cost of motor vehicle insurance;

(D) savings which may be realized from the implementation of such standard through alleviating inconveniences experienced by consumers as a result of the theft and disposition of motor vehicle parts and components; and

(E) considerations of safety.

(k)(1)(A) The Secretary, after promulgating any final Federal motor vehicle security standard under subsection (j), shall submit

such final standard to the Congress for review in accordance with this subsection. Such final standard shall be delivered to each House of the Congress on the same date and to each House of the Congress while it is in session. Such final standard shall be referred to the Committee on Commerce, Science, and Transportation of the Senate and to the Committee on Interstate and Foreign Commerce of the House, respectively.

(B) Any such final standard shall become effective in accordance with its terms unless, before the end of the period of 90 calendar days of continuous session after the date such final standard is submitted to the Congress, both Houses of the Congress adopt a concurrent resolution disapproving such final standard.

(2)(A) The provisions of this paragraph are enacted by the Congress—

(i) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of concurrent resolutions which are subject to this subsection, and such provisions supersede other rules only to the extent that they are inconsistent with such other rules; and

(ii) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(B)(i) Any concurrent resolution disapproving a final standard of the Secretary shall, upon introduction or receipt from the other House of the Congress, be referred immediately by the presiding officer of such House to the Committee on Commerce, Science, and Transportation of the Senate or to the Committee on Interstate and Foreign Commerce of the House, as the case may be.

(ii) If a committee to which a concurrent resolution is referred does not report such concurrent resolution before the end of the period of 75 calendar days of continuous session of the Congress after the referral of such resolution to the Committee on commerce, Science, and Transportation of the Senate or to the Committee on Interstate and Foreign Commerce of the House, as the case may be, under paragraph (1)(A), it shall be in order to move to discharge any such committee from further consideration of such concurrent resolution.

(iii)(I) A motion to discharge in the Senate may be made only by a Member favoring the concurrent resolution, shall be privileged (except that it may not be made after the committee has reported a concurrent resolution with respect to the same final standard of the Secretary), and debate on such motion shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the motion. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to. If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other concurrent resolution with respect to the same final standard of the Secretary.

(II) A motion to discharge in the House may be made by presentation in writing to the Clerk. The motion may be called up only if the motion has been signed by one-fifth of the Members of the House. The motion is highly privileged (except that it may not be made after the committee has reported a concurrent resolution of disapproval with respect to the same standard). Debate on such motion shall be limited to not more than 1 hour, the time to be divided equally between those favoring and those opposing the motion. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(C)(i) When a committee has reported, or has been discharged from further consideration of, a concurrent resolution, it shall be at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the concurrent resolution. The motion shall be privileged in the Senate and highly privileged in the House, and shall not be debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(ii) Debate on the concurrent resolution shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing such concurrent resolution. A motion further to limit debate shall not be debatable. An amendment to, or motion to recommit, the concurrent resolution shall not be in order, and it shall not be in order to move to reconsider the vote by which such concurrent resolution was agreed to or disagreed to.

(D) Appeals from the decision of the Chair relating to the application of the rules of the Senate or the House, as the case may be, to the procedure relating to a concurrent resolution shall be decided without debate.

(E) Notwithstanding any other provision of this subsection, if a House has approved a concurrent resolution with respect to any final standard of the Secretary, then it shall not be in order to consider in such House any other concurrent resolution with respect to the same final standard.

(3) Congressional inaction on, or rejection of, a concurrent resolution of disapproval under this subsection shall not be construed as an expression of approval of the final standard involved, and shall not be construed to create any presumption of validity with respect to such final standard.

(4)(A) For purposes of this subsection—

(i) continuity of session is broken only by an adjournment sine die; and

(ii) days on which either House is not in session because of an adjournment of more than 5 days to a day certain are excluded in the computation of the periods specified in paragraph (1)(B) and paragraph (2).

(B) If an adjournment sine die of the Congress occurs after the Secretary has submitted a final standard under paragraph (1)(A), but such adjournment occurs—

(i) before the end of the period specified in paragraph (1)(B); and

(ii) before any action necessary to disapprove the final standard is completed under paragraph (1)(B);

then the Secretary be required to resubmit the final standard involved at the beginning of the next regular session of the Congress. The period specified in paragraph (1)(B) shall begin on the date of such resubmission.

(5) For purposes of this subsection, the term "concurrent resolution" means a concurrent resolution the matter after the resolving clause of which is as follows: "That the Congress disapproves the final standard promulgated by the Secretary of Transportation dealing with the matter of -----, which final standard was submitted to the Congress on -----.". (The blank spaces shall be filled appropriately.)

* * * * * * *

SEC. 106. (a) The Secretary shall conduct research, testing, development, and training necessary to carry out the purposes of this title, including, but not limited to—

(1) collecting data from any source for the purpose of determining the relationship between motor vehicle or motor vehicle equipment performance characteristics and (A) accidents involving motor vehicles, **[**and**]** (B) the occurrence of death, or personal injury resulting from such accidents , *and (C) the theft of motor vehicles and motor vehicle parts and components*;

(2) procuring (by negotiation or otherwise) experimental and other motor vehicles or motor vehicle equipment for research and testing purposes;

(3) selling or otherwise disposing of test motor vehicles and motor vehicle equipment and reimbursing the proceeds of such sale or disposal into the current appropriation available for the purpose of carrying out this title.

(b) The Secretary is authorized to conduct research, testing, development, and training as authorized to be carried out by subsection (a) of this section by making grants for the conduct of such research, testing, development, and training to States, interstate agencies, and nonprofit institutions.

(c) Whenever the Federal contribution for any research or development activity authorized by this Act encouraging motor vehicle safety *or motor vehicle security* is more than minimal, the Secretary shall include in any contract, grant, or other arrangement for such research or development activity, provisions effective to insure that all information, uses, processes, patents, and other developments resulting from that activity will be made freely and fully available to the general public. Nothing herein shall be construed to deprive the owner of any background patent of any right which he may have thereunder.

SEC. 107. The Secretary is authorized to advise, assist, and cooperate with, other Federal departments and agencies, and State and other interested public and private agencies, in the planning and development of—

(1) motor vehicle safety standards *and motor vehicle security standards*;

(2) methods for inspecting and testing to determine compliance with motor vehicle safety standards *and motor vehicle security standards*.

SEC. 108. (a)(1) No person shall—

(A) manufacture for sale, sell, offer for sale, or introduce or deliver for introduction in interstate commerce, or import into the United States, any motor vehicle or item of motor vehicle equipment manufactured on or after the date any applicable Federal motor vehicle safety standard *or Federal motor vehicle security standard* takes effect under this title unless it is in conformity with such standard except as provided in subsection (b) of this section;

(B) fail or refuse access to or copying of records, or fail to make reports or provide information, or fail or refuse to permit entry or inspection, as required under section 112; fail to keep specified records in accordance with such section; or fail or refuse to permit impounding, as required under section 112(a);

(C) fail to issue a certificate required by section 114, or issue a certificate to the effect that a motor vehicle or item of motor vehicle equipment conforms to all applicable Federal motor vehicle safety standards *and Federal motor vehicle security standards*, if such person in the exercise of due care has reason to know that such certificate is false or misleading in a material respect;

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(b)(1) Paragraph (1)(A) of subsection (a) shall not apply to the sale, the offer for sale, or the introduction or delivery for introduction in interstate commerce of any motor vehicle equipment after the first purchase of it in good faith for purposes other than resale. In order to assure a continuing and effective national traffic safety program, it is the policy of Congress to encourage and strengthen the enforcement of State inspection of used motor vehicles. Therefore to that end the Secretary shall conduct a thorough study and investigation to determine the adequacy of motor vehicle safety standards and motor vehicle inspection requirements and procedures applicable to used motor vehicles in each State, and the effect of programs authorized by this title upon such standards, requirements, and procedures for used motor vehicles, and report to Congress as soon as practicable but not later than one year after the date of enactment of this title, the results of such study, and recommendations for such additional legislation as he deems necessary to carry out the purposes of this Act. As soon as practicable after the submission of such report, but no later than one year from the date of submission of such report, the Secretary, after consultation with the Council and such interested public and private agencies and groups as he deems advisable, shall establish uniform Federal motor vehicle safety standards applicable to all used motor vehicles. Such standards shall be expressed in terms of motor vehicle safety performance. The Secretary is authorized to amend or revoke such standards pursuant to this Act.

(2) Paragraph (1)(A) of subsection (a) shall not apply to any person who establishes that he did not have reason to know in the exercise of due care that such vehicle or item of motor vehicle equipment is not in conformity with applicable Fderal motor vehicle safety standards *and Federal motor vehicle security standards*, or to any person who, prior to such first purchase, holds a certificate issued by the manufacturer or importer of such motor vehicle or motor vehicle equipment, to the effect that such vehicle or

equipment conforms to all applicable Federal motor vehicle safety standards *and Federal motor vehicle security standards*, unless such person knows that such vehicle or equipment does not so conform.

(3) A motor vehicle or item of motor vehicle equipment offered for importation in violation of paragraph (1)(A) of subsection (a) shall be refused admission into the United States under joint regulations issued by the Secretary of the Treasury and the Secretary; except that the Secretary of the Treasury and the Secretary may, by such regulations, provide for authorizing the importation of such motor vehicle or item of motor vehicle equipment into the United States upon such terms and conditions (including the furnishing of a bond) as may appear to them appropriate to insure that any such motor vehicle or item of motor vehicle equipment will be brought into conformity with any applicable Federal motor vehicle safety standard *or Federal motor vehicle security standard* prescribed under this title, or will be exported or abandoned to the United States.

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(c) Compliance with any Federal motor vehicle safety standard *or Federal motor vehicle security standard* issued under this title does not exempt any person from any liability under common law.

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SEC. 110. (a) The United States district courts shall have jurisdiction, for cause shown and subject to the provisions of rule 65 (a) and (b) of the Federal Rules of Civil Procedure, to restrain violations of this title (or rules, regulations or orders thereunder), or to restrain the sale, offer for sale, or the introduction or delivery for introduction, in interstate commerce, or the importation into the United States, of any motor vehicle or item of motor vehicle equipment which is determined, prior to the first purchase of such vehicle in good faith for purposes other than resale, not to conform to applicable Federal motor vehicle safety standards *or Federal motor vehicle security standards* prescribed pursuant to this title, or to contain a defect (A) which relates to motor vehicle safety *or security* and (B) with respect to which notification has been given under section 151 or has been required to be given under section 152(b), upon petition by the appropriate United States attorney or the Attorney General on behalf of the United States. Whenever practicable, the Secretary shall give notice to any person against whom an action for injunctive relief is contemplated and afford him an opportunity to present his views, and, except in the case of a knowing and willful violation, shall afford him reasonable opportunity to achieve compliance or to remedy the defect. The failure to give such notice and afford such opportunity shall not preclude the granting of appropriate relief.

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SEC. 111. (a) If any motor vehicle or item of motor vehicle equipment is determined not to conform to applicable Federal motor vehicle safety standards *or Federal motor vehicle security standards*, or contains a defect which relates to motor vehicle safety *or security*, after the sale of such vehicle or item of equipment by a manufacturer or a distributor to a distributor or a dealer and prior to the sale of such vehicle or item of equipment by such distributor or dealer:

(1) The manufacturer or distributor, as the case may be, shall immediately repurchase such vehicle or item of motor vehicle equipment from such distributor or dealer at the price paid by such distributor or dealer, plus all transportation charges involved and a reasonable reimbursement of not less than 1 per centum per month of such price paid prorated from the date of notice of such nonconformance to the date of repurchase by the manufacturer or distributor; or

(2) In the case of motor vehicles, the manufacturer or distributor, as the case may be, at his own expense, shall immediately furnish the purchasing distributor or dealer the required conforming part or parts or equipment for installation by the distributor or dealer on or in such vehicle and for the installation involved the manufacturer shall reimburse such distributor or dealer for the reasonable value of such installation plus a reasonable reimbursement of not less than 1 per centum per month of the manufacturer's or distributor's selling price prorated from the date of notice of such nonconformance to the date such vehicle is brought into conformance with applicable Federal standards: *Provided, however*, That the distributor or dealer proceeds with reasonable diligence with the installation after the required part, parts or equipment are received.

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SEC. 114. Every manufacturer or distributor of a motor vehicle or motor vehicle equipment shall furnish to the distributor or dealer at the time of delivery of such vehicle or equipment by such manufacturer or distributor the certification that each such vehicle or item of motor vehicle equipment conforms to all applicable Federal motor vehicle safety standards *and Federal motor vehicle security standards*. In the case of an item of motor vehicle equipment such certification may be in the form of a label or tag on such item or on the outside of a container in which such item is delivered. In the case of a motor vehicle such certification shall be in the form of a label or tag permanently affixed to such motor vehicle.

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SEC. 120. (a) The secretary shall prepare and submit to the President for transmittal to the Congress on July 1 of each year a comprehensive report on the administration of this Act for the preceding calendar year. Such report shall include but not be restricted to (1) a thorough statistical compilation of the accidents and injuries occurring in such year; (2) a list of Federal motor vehicle safety standards *and Federal motor vehicle security standards* prescribed or in effect in such year; (3) the degree of observance of applicable Federal motor vehicle standards; (4) a summary of all current research grants and contracts together with a description of the problems to be considered by such grants and contracts; (5) an analysis and evaluation, including relevant policy recommendations, of research activities completed and technological progress achieved during such year; (6) a statement of enforcement actions including judicial decisions, settlements, or pending litigation during such year; and (7) the extent to which technical information was disseminated to the scientific community and consumer-oriented information was made available to the motoring public.

(b) The report required by subsection (a) of this section shall contain such recommendations for additional legislation as the Secretary deems necessary to promote cooperation among the several States in the improvement of traffic safety *and motor vehicle security* and to strengthen the national traffic safety *and motor vehicle security* program.

* * * * * * *

SEC. 123. (a) Except as provided in subsection (d) of this section, upon application by a manufacturer at such time, in such manner, and containing such information as required in this section and as the Secretary shall prescribe, the Secretary may, after publication of notice and opportunity to comment and under such terms and conditions and to such extent as he deems appropriate, temporarily exempt or renew the exemption of a motor vehicle from any motor vehicle safety standard *or motor vehicle security standard* established under this title if he finds—

(1)(A) that compliance would cause such manufacturer substantial economic hardship and that the manufacturer has, in good faith, attempted to comply with each standard from which it requests to be exempted.

(B) that such temporary exemption would facilitate the development or field evaluation of new motor vehicle safety *or security* features which provide a level of safety *or security* which is equivalent to or exceeds the level of safety *or security* established in each standard from which an exemption is sought,

(C) that such temporary exemption would facilitate the development or field evaluation of a low-emission motor vehicle and would not unreasonably degrade the safety of such vehicle, or

(D) that requiring compliance would prevent a manufacturer from selling a motor vehicle whose overall level of safety *or security* is equivalent to or exceeds the overall level of safety *or security* of nonexempted motor vehicles; and

(2) that such temporary exemption would be consistent with the public interest and the objectives of the Act.

Notice of each decision to grant a temporary exemption and the reasons for granting it shall be published in the Federal Register.

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(e) Any manufacturer applying for an exemption on the basis of paragraph (1)(A) of subsection (a) of this section shall include in the application a complete financial statement showing the basis of the economic hardship and a complete description of its good faith efforts to comply with the standards. Any manufacturer applying for an exemption on the basis of paragraph (1)(B) of subsection (a) of this section shall include in the application research, development, and testing documentation establishing the innovational nature of the safety *or security* features and a detailed analysis establishing that the level of safety *or security* of the new safety *or security* feature is equivalent to or exceeds the level of safety *or security* established in the standard from which the exemption is sought. Any manufacturer applying for an exemption on the basis of paragraph (1)(C) of subsection (a) of this section shall include in the application research, development, and testing documentation establishing that the safety of such vehicle is not unreasonably degraded and that such vehicle is a low-emission motor vehicle. Any manufacturer applying for an exemption on the basis of paragraph (1)(D) of subsection (a) of this section shall include in the application a detailed analysis of how the vehicle provides an overall level of safety *or security* equivalent to or exceeding the overall level of safety *or security* of nonexempted motor vehicles.

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PART B—DISCOVERY, NOTIFICATION, AND REMEDY OF MOTOR VEHICLE DEFECTS *OR FAILURES TO COMPLY*

NOTIFICATION RESPECTING MANUFACTURER'S FINDING OF DEFECT OR FAILURE TO COMPLY

SEC. 151. If a manufacturer—

(1) obtains knowledge that any motor vehicle or item of replacement equipment manufactured by him contains a defect and determines in good faith that such defect relates to motor vehicle safety *or security*; or

(2) determines in good faith that such vehicle or item of replacement equipment does not comply with an applicable Federal motor vehicle safety standard *or Federal motor vehicle security standard* prescribed pursuant to section 103 of this Act;

he shall furnish notification to the Secretary and to owners, purchasers, and dealers, in accordance with section 153, and he shall remedy the defect or failure to comply in accordance with section 154.

NOTIFICATION RESPECTING SECRETARY'S FINDING OF DEFECT OR FAILURE TO COMPLY

SEC. 152. (a) If through testing, inspection, investigation, or research carried out pursuant to this Act, or examination of communications under section 158(a)(1), or otherwise, the Secretary determines that any motor vehicle or item or replacement equipment—

(1) does not comply with an applicable Federal motor vehicle safety standard *or Federal motor vehicle security standard* prescribed pursuant to section 103 of this Act; or

(2) contains a defect which relates to motor vehicle safety *or security*;

he shall immediately notify the manufacturer of such motor vehicle or item of replacement equipment of such determination, and shall publish notice of such determination in the Federal Register. The notification to the manufacturer shall include all information upon which the determination of the Secretary is based. Such notification (including such information) shall be available to any interested person, subject to section 158(a)(2)(B). the Secretary shall afford such manufacturer an opportunity to present data, views, and arguments to establish that there is no defect or failure to comply or that the alleged defect does not affect motor vehicle safety; and shall afford other interested persons an opportunity to present data, views, and arguments respecting the determination of the Secretary.

(b) If, after such presentations by the manufacturer and interested persons, the Secretary determines that such vehicle or item of replacement equipment does not comply with an applicable Federal motor vehicle safety standard *or Federal motor vehicle security standard*, or contains a defect which relates to motor vehicle safety *or security*, the Secretary shall order the manufacturer (1) to furnish notification respecting such vehicle or item of replacement equipment to owners, purchasers, and dealers in accordance with section 153, and (2) to remedy such defect or failure to comply in accordance with section 154.

CONTENTS, TIME, AND FORM OF NOTICE

SEC. 153. (a) The notification required by section 151 or 152 respecting a defect in or failure to comply of a motor vehicle or item of replacement equipment shall contain, in addition to such other matters as the Secretary may prescribe by regulation—

(1) a clear description of such defect or failure to comply;

(2) an evaluation of the risk to motor vehicle safety *or security* reasonably related to such defect or failure to comply;

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REMEDY OF DEFECT OR FAILURE TO COMPLY

SEC. 154. (a)(1) If notification is required under section 151 or by an order under section 152(b) with respect to any motor vehicle or item of replacement equipment which fails to comply with an applicable Federal motor vehicle safety standard *or Federal motor vehicle security standard* or contains a defect which relates to motor vehicle safety *or security*, then the manufacturer of each such motor vehicle or item of replacement equipment presented for remedy pursuant to such notification shall cause such defect or failure to comply in such motor vehicle or such item of replacement equipment to be remedied without charge. In the case of notification required by an order under section 152(b), the preceding sentence shall not apply during any period during which enforcement of the order has been restrained in an action to which section 155 (a) applies or if such order has been set aside in such an action.

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(b)(1) Whenever a manufacturer has elected under subsection (a) to cause the repair of a defect in a motor vehicle or item of replacement equipment or of a failure of such vehicle or item of replacement equipment to comply with a motor vehicle safety standard *or a motor vehicle security standard*, and he has failed to cause such defect or failure to comply to be adequately repaired within a reasonable time, then (A) he shall cause the motor vehicle or item of replacement equipment to be replaced with an identical or reasonably equivalent vehicle or item of replacement equipment without charge, or (B) (in the case of a motor vehicle and if the manufacturer so elects) he shall cause the purchase price to be refunded in full, less a reasonable allowance for depreciation. Failure to adequately repair a motor vehicle or item of replacement equipment within 60 days after tender of of the motor vehicle or item of replacement equipment for repair shall be prima facie evidence of failure to repair within a reasonable time; unless prior to the exploration of such 60-day period the Secretary, by order, extends such 60-day period for good cause shown and published in the Federal Register.

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ENFORCEMENT OF NOTIFICATION AND REMEDY ORDERS

SEC. 155. (a) * * *

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(b) If a civil action which relates to an order under section 152(b), and to which subsection (a) of this section applies, has been commenced, the Secretary may order the manufacturer to issue a provisional notification which shall contain—

(A) a statement that the Secretary has determined that a defect which relates to motor vehicle safety *or security*, or failure to comply with a Federal motor vehicle safety standard *or a Federal motor vehicle security standard*, exists, and that the manufacturer is contesting such determination in a proceeding in a United States district court,

(B) a clear description of the Secretary's stated basis for his determination that there is such a defect or failure,

(C) the Secretary's evaluation of the risk to motor vehicle safety *or security* reasonably related to such defect or failure to comply,

(D) any measures which in the judgment of the Secretary are necessary to avoid an unreasonable hazard resulting from the defect or failure to comply.

(E) a statement that the manufacturer will cause such defect or failure to comply to be remedied without charge pursuant to section 154, but that this obligation of the manufacturer is conditioned on the outcome of the court proceeding, and

(F) such other matters as the Secretary may prescribe by regulation or in such order.

Issuance of notification under this subsection does not relieve the manufacturer of any liability for failing to issue notification required by an order under section 152(b).

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EXEMPTION FOR INCONSEQUENTIAL DEFECT OR FAILURE TO COMPLY

SEC. 157. Upon application of a manufacturer, the Secretary shall exempt such manufacturer from any requirement under this part to give notice with respect to, or to remedy, a defect or failure to comply, if he determines, after notice in the Federal Register and opportunity for interested persons to present data, views, and arguments, that such defect or failure to comply is inconsequential as it relates to motor vehicle safety *or security*.

INFORMATION, DISCLOSURE, AND RECORDKEEPING

SEC. 158. (a)(1) Every manufacturer shall furnish to the Secretary a true or representative copy of all notices, bulletins, and other communications to the dealers of such manufacturer or to owners or purchasers or motor vehicle or replacement equipment produced by such manufacturer regarding any defect or failure to comply in such vehicle or equipment which is sold or serviced.

(2)(A) Except as provided in subparagraph (B), the Secretary shall disclose to the public so much of any information which is obtained under this Act and which relates to a defect which relates to motor vehicle safety *or security* or to a failure to comply with an applicable Federal motor vehicle safety standard *or Federal motor vehicle security standard,* as he determines will assist in carrying out the purposes of this part or as may be required by section 152.

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TITLE 18, UNITED STATES CODE

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PART I—CRIMES

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CHAPTER 25—COUNTERFEITING AND FORGERY

Sec.
471. Obligations or securities of United States.
510. Altering or removing motor vehicle identification numbers.
511. Forfeiture of certain motor vehicles, motor vehicle parts, and motor vehicle components.

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§510. Altering or removing motor vehicle identification numbers

(a) Except as provided in subsection (b), whoever knowingly removes, obliterates, tampers with, or alters any identification number for any motor vehicle, or any part or component of a motor vehicle, shall be fined not more than $5,000, imprisoned for not more than 5 years, or both.

(b) The provisions of subsection (a) shall not apply to—

(1) any motor vehicle scrap processor or motor vehicle demolisher, if—

(A) such person is engaged in the processing of any motor vehicle, or any motor vehicle part or component, into metallic scrap for purposes of recycling the metallic content of such motor vehicle, part, or component; and

(B) such person, in carrying out such processing, complies with any applicable State law relating to the disposition of such motor vehicle, part, or component; or

(2) any person, acting under authority of the Secretary of Transportation or under authority of State law, who is engaged in restoring or replacing any identification number specified in subsection (a).

(c) For purposes of this section:

(1) The term "identification number" means any identification number which is required by any Federal motor vehicle safety standard or any Federal motor vehicle security standard

established by the Secretary of Transportation under the National Traffic and Motor Vehicle Safety and Security Act.

(2) The term "motor vehicle" has the meaning given it in section 102 of the National Traffic and Motor Vehicle Safety and Security Act.

(3) The term "motor vehicle demolisher" means any person who is engaged in the business of processing motor vehicles, or motor vehicle parts or components, or both, in a manner which renders the subject of such processing unsuitable for any further use as a motor vehicle or a motor vehicle part or component.

(4) The term "motor vehicle scrap processor" means any person—

(A) who is engaged in the business of purchasing motor vehicles, or motor vehicle parts or components, or both, for the purpose of processing such motor vehicles, parts, or components into metallic scrap for recycling;

(B) who, from a fixed location, utilizes machinery and equipment for processing and manufacturing ferrous or nonferrous metallic scrap into prepared grades; and

(C) whose business produces metallic scrap for recycling as its principal product.

§511. Forfeiture of certain motor vehicles, motor vehicle parts, and motor vehicle components

(a) If any identification number for any motor vehicle, or any part or component of a motor vehicle, is removed, obliterated, tampered with, or altered, then such motor vehicle, part, or component shall be subject to seizure and forfeiture to the United States unless—

(1) in the case of a motor vehicle part or component, such part or component has been attached to a motor vehicle without any knowledge of the owner of such motor vehicle that such identification number has been removed, obliterated, tampered with, or altered;

(2) such motor vehicle, part, or component has a replacement identification number which is authorized by the Secretary of Transportation or which is in conformity with any applicable laws of the State in which such motor vehicle, part, or component is located;

(3) such removal, obliteration, tampering, or alteration—

(A) is caused by any collision or fire which results in damage to that portion of such motor vehicle, part, or component on which such identification number is displayed; or

(B) is carried out in the manner specified in section 510(b)(1) of this title; or

(4) such motor vehicle, part, or component is in the possession or control of a motor vehicle scrap processor, unless such motor vehicle scrap processor has knowledge of the fact that such identification number was removed, obliterated, tampered with, or altered in any manner other than the method of processing specified in section 510(b)(1) of this title.

(b) All provisions of law relating to—

(1) the seizure and condemnation of vessels, vehicles, merchandise, and baggage for violation of customs laws, and sum-

mary and judicial forfeiture procedures applicable in the case of such violations;

(2) the disposition of such vessels, vehicles, merchandise, and baggage or the proceeds from such sale;

(3) the remission or mitigation of such forfeitures; and

(4) the compromise of claims and the award of compensation to informers with respect to such forfeitures;

shall apply to seizures and forfeitures incurred or alleged to have incurred under the provisions of this section, insofar as applicable and not inconsistent with such provisions. Such duties as are imposed upon the collector of customs or any other person with respect to the seizure and forfeiture of vessels, vehicles, merchandise, and baggage under the customs laws shall be performed with respect to seizures and forfeitures of property under this section by such officers, agents, or other persons as may be designated for such purpose by the Attorney General.

(c) For purposes of this section:

(1) The term "identification number" has the meaning given it in section 510(c)(1) of this title.

(2) The term "motor vehicle" has the meaning given it in section 102 of the National Traffic and Motor Vehicle Safety and Security Act.

(3) The term "motor vehicle scrap processor" has the meaning given it in section 510(c)(4) of this title.

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CHAPTER 27—CUSTOMS

Sec.
541. Entry of goods falsely classified.

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553. Unlawful importation or exportation of stolen self-propelled vehicles, vessels, or aircraft.

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"§ 553. Unlawful importation or exportation of stolen self-propelled vehicles, vessels, or aircraft

(a) Whoever imports, exports, or attempts to import or export—

(1) any self-propelled vehicle, or part of a self-propelled vehicle, vessel, or aircraft, knowing the same to have been stolen; or

(2) any self-propelled vehicle or part of a self-propelled vehicle, knowing that its identification number has been removed, obliterated, tampered with, or altered;

shall be fined not more than $10,000, imprisoned not more than 5 years, or both.

(b) For purposes of this section—

(1) the term "self propelled vehicle" includes any automobile, truck, tractor, bus, motorcycle, motor home, any other self-pro-

pelled agricultural machinery, self-propelled construction equipment, self-propelled special use equipment, and any other self-propelled vehicle used or designed for running on land but not on rail;

(2) the term "vessel" has the meaning given it in section 401 of the Tariff Act of 1930 (19 U.S.C. 1401); and

(3) the term "aircraft" has the meaning given it in section 101(5) of the Federal Aviation Act of 1958 (49 U.S.C. 1301(5)).

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CHAPTER 83—POSTAL SERVICE

Sec.
1691. Laws governing postal savings.

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1716A. Nonmailable motor vehicle master keys *and other devices.*

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§ 1716A. Nonmailable motor vehicle master keys *and other devices.*

Whoever knowingly deposits for mailing or delivery, or knowingly causes to be delivered by mail according to the direction thereon, or at any place to which it is directed to be delivered by the person to whom it is addressed, any matter to be nonmailable declared by section 3002 of title 39, shall be fined not more than $1,000 or imprisoned not more than one year, or both.

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CHAPTER 96—RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS

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§ 1961. Definitions

As used in this chapter—

(1) "racketeering activity" means (A) any act or threat involving murder, kidnaping, gambling, arson, robbery, bribery, extortion, or dealing in narcotic or other dangerous drugs, which is chargeable under State law and punishable by imprisonment for more than one year; (B) any act which is indictable under any of the following provisions of title 18, United States Code: Section 201 (relating to bribery), section 224 (relating to bribery), sections 471, 472, and 473 (relating to counterfeiting), section 659 (relating to theft from interstate shipment) if the act indictable under section 659 is felonious, section 664 (relating to embezzlement from pension and welfare funds), sections 891–894 (relating to extortionate credit transactions), section 1084 (relating to the transmission of gambling information),

section 1341 (relating to mail fraud), section 1343 (relating to wire fraud), section 1503 (relating to obstruction of justice), section 1510 (relating to obstruction of criminal investigations), section 1511 (relating to the obstruction of State or local law enforcement), section 1951 (relating to interference with commerce, robbery, or extortion), section 1952 (relating to racketeering), section 1953 (relating to interstate transportation of wagering paraphernalia), section 1954 (relating to unlawful welfare fund payments), section 1955 (relating to the prohibition of illegal gambling businesses), *sections 2312 and 2313 (relating to interstate transportation of stolen motor vehicles)*, sections 2314 and 2315 (relating to interstate transportation of stolen property), *section 2319 (relating to trafficking in certain motor vehicles, motor vehicle parts, or motor vehicle components)*, sections 2341–2346 (relating to trafficking in contraband cigarettes), sections 2421–24 (relating to white slave traffic), (C) any act which is indictable under title 29, United States Code, section 186 (dealing with restrictions on payments and loans to labor organizations) or section 501(c) (relating to embezzlement from union funds), or (D) any offense involving fraud connected with a case under title 11, fraud in the sale of securities, or the felonious manufacture, importation, receiving, concealment, buying, selling, or otherwise dealing in narcotic or other dangerous drugs, punishable under any law of the United States;

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CHAPTER 113—STOLEN PROPERTY

Sec.
2111. Definitions.

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2319. Trafficking in certain motor vehicles, motor vehicle parts, or motor vehicle components.

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§ 2311. Definitions

As used in this chapter:

"Aircraft" means any contrivance now known or hereafter invented, used, or designed for navigation of or for flight in the air;

"Cattle" means one or more bulls, steers, oxen, cows, heifers, or calves, or the carcass or carcasses thereof;

"Money" means the legal tender of the United States or of any foreign country, or any counterfeit thereof;

"Motor vehicle" includes an automobile, automobile truck, automobile wagon, motorcycle, or any other self-propelled vehicle designed for running on land but not on rails;

"Securities" includes any note, stock certificate, bond, debenture, check, draft, warrant, traveler's check, letter of credit, warehouse receipt, negotiable bill of lading, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate; *motor vehicle title until it is canceled by the State indicated* *thereon or blank motor vehicle title;* certificate of interest in property, tangible or intangible; instrument or document or writing evidencing ownership of goods, wares, and merchandise, or transferring or assigning any right, title, or interest in or to goods, wares, and merchandise; or, in general, any instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, warrant, or right to subscribe to or purchase any of the foregoing, or any forged, counterfeited, or spurious representation of any of the foregoing;

"Tax stamp" includes any tax stamp, tax token, tax meter imprint, or any other form of evidence of an obligation running to a State, or evidence of the discharge thereof;

"Value" means the face, par, or market value, whichever is the greatest, and the aggregate value of all goods, wares, and merchandise, securities, and money referred to in a single indictment shall constitute the value thereof.

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§ 2313. Sale or receipt of stolen vehicles

Whoever receives, *possesses,* conceals, stores, barters, sells, or disposes of any motor vehicle or aircraft, **[**moving as, or which is a part of, or which constitutes interstate or foreign commerce,**]** *which has crossed a State or United States boundary after being stolen,* knowing the same to have been stolen, shall be fined not more than $5,000 or imprisoned not more than five years, or both.

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§ 2319. Trafficking in certain motor vehicles, motor vehicle parts, or motor vehicle components

(a) Except as provided in subsection (b), whoever buys, receives, possesses, or obtains control of, with intent to sell, transfer, distribute, dispense with, or otherwise dispose of, any motor vehicle, or any motor vehicle part or component, with knowledge that any identification number for such motor vehicle, part, or component has been removed, obliterated, tampered with, or altered, shall be fined not more than $25,000, or imprisoned for not more than 10 years, or both.

(b) The provisions of subsection (a) shall not apply—

(1) in the case of any motor vehicle, or any motor vehicle part or component, if—

(A) such motor vehicle, part, or component has a replacement identification number which is authorized by the Secretary of Transportation or is in conformity with the applicable laws of the State in which such motor vehicle, part, or component is located; or

(B) the removal, obliteration, tampering with, or alteration of the identification number for such motor vehicle, part, or component (i) is caused by any collision or fire which results in damage to that portion of such motor vehicle, part, or component on which such identification number is displayed; or (ii) is carried out in the manner specified in section 510(b)(1) of this title; or

(2) to any motor vehicle scrap processor, if—

(A) such motor vehicle scrap processor purchases, receives, possesses, or obtains control of, any motor vehicle which has been processed in the manner specified in section 510(b)(1) of this title, or any motor vehicle part or component, with the intent to sell, transfer, distribute, dispense with, or otherwise dispose of such motor vehicle, part, or component by processing or manufacturing into prepared grades of metallic scrap; and

(B) such motor vehicle scrap processor does not possess any knowledge that (i) such motor vehicle, part, or component was stolen; or (ii) the identification number for such motor vehicle, part, or component was removed, obliterated, tampered with, or altered.

(c) For purposes of this section:

(1) The term "identification number" has the meaning given it in section 510(c)(1) of this title.

(2) The term "motor vehicle" has the meaning given it in section 102 of the National Traffic and Motor Vehicle Safety and Security Act.

(3) The term "motor vehicle scrap processor" has the meaning given it in section 510(c)(4) of this title.

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TITLE 39, UNITED STATES CODE

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PART IV—MAIL MATTER

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CHAPTER 30—NONMAILABLE MATTER

Sec.
3001. Nonmailable matter.
3002. Nonmailable motor vehicle master keys *and other devices.*
3003. Mail bearing a fictitious name or address.
3004. Delivery of mail to persons not residents of the place of address.
3005. False representations; lotteries.
3006. Unlawful matter.
3007. Detention of mail for temporary periods.
3008. Prohibition of pandering advertisements.
3009. Mailing of unordered merchandise.
3010. Mailing of sexually oriented advertisements.
3011. Judicial enforcement.

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§3002. Nonmailable motor vehicle master keys *and other devices*

(a) Except as provided in subsection [(b)] *(c)* of this section, any motor vehicle master key, any pattern, impression, or mold from which a motor vehicle master key may be made, or any advertisement for the sale of any such key, pattern, impression, or mold, is nonmailable matter and shall not be carried or delivered by mail.

(b) Except as provided in subsection (c) of this section any device which is designed or adapted primarily for the purpose of operating, circumventing, removing, or rendering inoperable the ignition switch, ignition lock, door lock, or trunk lock of 2 or more motor vehicles, or any advertisement for the sale of any such device, is nonmailable matter and shall not be carried or delivered by mail.

[(b)**]** *(c)* The Postal Service is authorized to make such exemptions from the provisions of subsection (a) *and subsection (b)* of this section as it deems necessary.

[(c)**]** *(d)* For the purposes of this section, "motor vehicle master key" means any key (other than the key furnished by the manufacturer with the motor vehicle, or the key furnished with a replacement lock, or any exact duplicate of such keys) designed to operate 2 or more motor vehicle ignition, door, or trunk locks of different combinations.

(e) Upon evidence satisfactory to the Postal Service that any person is engaged in a scheme or device for obtaining money or property through the mail by advertising or offering for sale any motor vehicle master key or device made nonmailable by this section, the Postal Service may issue an order of the same kind and with the same incidents as that authorized by section 3005 of this title.

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TITLE VI, PART V OF THE TARIFF ACT OF 1930

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SEC. 626. UNLAWFUL IMPORTATION OR EXPORTATION OF CERTAIN VEHICLES; INSPECTIONS.

(a)(1) Whoever knowingly imports, exports, or attempts to import or export—

(A) any stolen self-propelled vehicle, vessel, aircraft, or part of a self-propelled vehicle, vessel, or aircraft; or

(B) any self-propelled vehicle or part of self-propelled vehicle from which the identification number has been removed, obliterated, tampered with, or altered;

shall be subject to a civil penalty in an amount determined by the Secretary, not to exceed $10,000 for each violation.

(2) Any violation of this subsection shall make such self-propelled vehicle, vessel, aircraft, or part thereof subject to seizure and forfeiture under this Act.

(b) A person attempting to export a used self-propelled vehicle shall present, pursuant to regulations prescribed by the Secretary, to the appropriate customs officer both the vehicle and a document describing such vehicle which includes the vehicle identification number, before lading if the vehicle is to be transported by vessel or aircraft, or before export if the vehicle is to be transported by rail, highway, or under its own power. Failure to comply with the regulations of the Secretary shall subject such person to a civil penalty of not more than $500 for each violation.

(c) For purposes of this section—

(1) the term "self-propelled vehicle" includes any automobile, truck, tractor, bus, motorcycle, motor home, self-propelled agricultural machinery, self-propelled construction equipment, self-

propelled special use equipment, and any other self-propelled vehicle used or designed for running on land but not on rail;

(2) the term "aircraft" has the meaning given it in section 101(5) of the Federal Aviation Act of 1958 (49 U.S.C. 1301(5));

(3) the term "used" refers to any self-propelled vehicle the equitable or legal title to which has been transferred by a manufacturer, distributor, or dealer to an ultimate purchaser; and

(4) the term "ultimate purchaser" means the first person, other than a dealer purchasing in his capacity as a dealer, who in good faith purchases a self-propelled vehicle for purposes other than resale.

ADDITIONAL VIEWS OF HON. CARLOS J. MOORHEAD, HON. PHIL GRAMM, HON. DAVID E. SATTERFIELD III

The Committee added some features to H.R. 4178 that should prove beneficial to both the affected consumer, who will ultimately pay for the new regulations caused by the bill if enacted, and the vehicle manufacturers, who must raise the additional capital needed to comply with the new regulations. Some of those features are the legislative veto, sunset provision, and cost-benefit provision.

As presently drafted, H.R. 4178 is based on the assumption that the identification of automotive parts and components will reduce motor vehicle thefts. Consequently, in Title I of this bill, the Department of Transportation has been delegated the authority to require automotive component identification—a statutory expansion of the DOT's authority into a new area, i.e., motor vehicle security. Before we take such a step, we believe that a thorough study should be undertaken. This is particularly appropriate here because there is no substantive data at this time to support the premise that the identification of automotive parts and components will reduce automotive theft. Certainly the statutory establishment of expanded authority and a new regulation merits a well-documented justification for its existence based on actual experience. This approach makes even more sense when we take into account the fact that our two largest domestic auto manufacturers, General Motors and Ford, have voluntarily undertaken pilot programs in this area. These pilot programs include the labeling of major automotive components on several luxury lines by each manufacturer. If these programs prove that component labeling effectively reduces automotive theft, then no doubt these programs will be expanded.

Before we can, without reservation, support a bill mandating a Federal regulation which may very well cost the auto manufacturers as much as $75 million annually, we should take those steps which will best assure us that this new regulatory authority is absolutely necessary. Surely the auto industry least needs additional regulatory burdens at this time, particularly when the case for this regulation is not a solid one. Surely the consumer at this time least needs to be paying for another new Federal regulatory scheme the success of which is based on speculation, albeit, well-meaning. Surely we would not want low and moderate income consumers subjected to higher costs in order to solve a theft problem that mainly affects luxury vehicles. It would certainly be reasonable to ascertain which car lines are most subject to theft and limit a component identification program to these vehicles.

We would like to reiterate that this proposal is very well intentioned. It is a good faith attempt to deal with motor vehicle theft. We would be more enthusiastic in support of this legislation if we had a comprehensive study indicating with a reasonable degree of certainty that this proposal would substantially reduce the thefts in question.

Carlos J. Moorhead.
Phil Gramm.
David E. Satterfield III.

DISSENTING VIEWS OF WILLIAM E. DANNEMEYER

H.R. 4178, the Motor Vehicle Theft Prevention Act of 1980, was introduced to address the problem of motor vehicle theft. There is no doubt that the problem of motor vehicle theft in this country is a serious one. Statistics bear this out only too well. The Department of Justice recently testified during the hearings on this bill that "[i]n 1978 alone over 3 million crimes were reported to law enforcement relating to the theft of the vehicle itself, its accessories, and its contents." The cost to Americans is equally alarming: approximately $4 billion a year. The problem is compounded because it has attracted the increasing involvement of professional criminals with the lure of lucrative profits and the minimal risks of prosecution and punishment. While I would agree that the objective of reducing auto theft is a desirable one, I respectfully disagree that the approach taken in this bill to the problem is justified at this time. Specifically, it is my contention that this bill is too narrow in its focus, unproven with respect to its underlying assumptions, and unnecessarily costly to all affected.

First, auto theft crime encompasses a spectrum of criminal activities: chop shop operations (the theft and dismantling of motor vehicles so as to illegally move the components into automotive repair channels at huge profits), auto insurance fraud, vehicle titling and registration fraud, job-riding, and illegal importing and exporting of vehicles and/or their components. The focus of this bill is limited to addressing the first of these activities: chop shop operations. With the exception of some limited provisions relating to the importing and exporting of vehicles, the other criminal activities listed are not addressed in this bill. Specifically, Title I authorizes the Secretary of Transportation to require by regulation the identification of automotive parts and components. The assumption underlying this expanded authority (a first for the D.O.T. into the area of motor vehicle security) is that the identification of such parts and components will reduce chop shop activities by facilitating prosecution and providing stiffer punishment. While admittedly logical in its approach, this approach takes the form of requirements which are statutorily imposed on *one* group only: the auto manufacturers. This is in stark contrast to the bill's findings which stress the need for efforts on the part of the motor vehicle insurance industry, used car dealers, motor vehicle dismantlers, recyclers, salvage dealers, auto repair and body shops, shippers and operators of vessels, railroads, and aircraft, State and local law enforcement authorities, and State motor vehicle registrars. Obviously this constitutes a formidable list which underscores the complexity of the auto theft problem, but there is nothing more than rhetoric for them in this bill. While they may breathe a sigh of relief to have escaped the reach of the Federal legislation at hand here, such omissions certainly argue against a very successful reduction in auto theft. Having made the leap that Federal legislation is necessary here (the merits of which shall not be argued here), the bill's proponents would want, I would think, a far more comprehensive bill so as to vigorously pursue a significant reversal in an ever-increasing crime rate. Such is not the case.

Second, singling out the auto manufacturers is questionable on other grounds as well. Specifically, there is no evidence at this time that component identification will in fact reduce automotive thefts. There is an assumption but there is no real-world data to prove it. Furthermore, our two largest domestic auto manufacturers, General Motors and Ford, have voluntarily undertaken experimental programs in this area. They have recently begun to label the major components on those luxury models which are subject to high theft rates. It wil be 2 years or more before these programs are completed and the crime statistics are in to either support or refute the critical assumption here. Despite this lack of evidence and despite assurances from G.M., Ford, and Chrysler that these efforts will be expanded if there are positive results from the pilot programs, the bill's proponents are willing to move forward with a regulation that will cost the auto manufacturers as much as $50 million a year. I believe that the proliferation of Federal regulation with so little documentation to support it is lamentable.

Third, the proponents argue that the compliance costs for the auto manufacturers are minimal, i.e., $3-$5 per vehicle, as testified to by the manufacturers themselves. This range of figures does sound reasonably low but there is a fallacy here. Part of that cost will be totally unnecessary. The component identification requirement at issue here is not limited to those cars which are targeted for thefts. It can and no doubt will be applied to all cars produced by a manufacturer, regardless of a particular car line's theft profile. It is readily acknowledged that there are a lot of cars that thieves never touch. Therefore, why should the regulation apply to all cars? That can only add to the regulatory costs imposed on the auto manufacturers and the retail price that consumers pay for their new cars. In the absence of overriding concerns such waste, while arguably small on a part vehicle basis, should be carefully avoided in Federal legislation whenever possible. That is not the case here. For each and every car that the thieves never touch, the consumer will have paid for an extra cost which carries with it no benefit.

Finally, I believe it is fair to point out that this new regulatory burden will be imposed on the auto manufacturers when they can least afford it. Their financial losses have been making headlines for some time now. Approximately 40 percent of our auto workers are unemployed at this time. This bill can only add to the regulatory burdens they are already laboring under, with no more than a hope that it will work.

William E. Dannemeyer.

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